Senate

COMMERCE AND LABOR COMMITTEE

April 22, 1975

The meeting was called to order in Room #213, on Tuesday, April 22, 1975, at 1:45 p.m. with Senator Gene Echols in the chair.

PRESENT: Senator Gene Echols
Senator Gary Sheerin
Senator Richard Blakemore
Senator Margie Foote
Senator Richard Bryan
Senator William Raggio
Senator Warren Monroe

OTHERS PRESENT: See EXHIBIT A

A.B. 375: Redefines subdivision and provides for record of survey maps.

Gene Milligan, Nevada Association of Realtors, read Assemblyman Robert Robinson's statement regarding A.B. 375 into the record. Assemblyman Robinson is the sponsor of A.B. 375. The statement is as follows:

"The problem in the beginning was to provide protection for the consumer. Prior to last session, parcels of land were being sold that were four lots or less and not controlled by subdivision law. New laws were adopted which defined any subdivision of land as a subdivision. This was an overkill, which has worked a great hardship on the small property owner. Some of the problems of the existing law are, for example, selling a foot of property to a neighbor came under the subdivision law and required going through the process required by the statutes for a regular subdivision; conforming a property line to a fence line; (Mr. Milligan elaborated on this briefly.) There is a problem of several parties buying interest in one parcel; for instance, to have a shopping center development. Our information is that cost of surveys range from $350 to several thousand dollars. You have a problem with elderly people occasionally who are required to sell a parcel of land to gain income to live on. (Mr. Milligan said Mr. Robinson has indicated he has received numerous letters in this regard.) In some cases the financial picture will change and this can work a hardship. One of the problems is the property never gets to market because it is disapproved by the governing body. The approval cycle is one of the major problems with the existing law. Today applications require approval of numerous agencies which is not only time consuming, but very costly and burdensome, both to the applicant and government. A.B. 375 simplifies the approval cycle.

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In developing new legislation meetings have been held, representatives of interested parties, state and local government, engineers-public and private, surveyors and representatives of industry have been contacted. A.B. 375 is the result of these meetings. (Mr. Milligan said there were people that were not met with and there are complications there. He stated he would get into that area in his own testimony.) A.B. 375 proposes to make techinical changes that are needed by surveyors, particularly in correcting errors in surveys. Today, a survey correction is considered a subdivision. There is a technical correction that has to be made, which is necessary to go through the subdivision procedure. A.B. 375 proposes that the planning director have authority to approve or disapprove an application. There is an appeal process included; in counties where no planning personnel exists, the governing body approves. Full disclosure to the buyer is proposed concerning water, sewage, legal access, zoning, utility easements. The buyer will know what he is getting. If there is no water, he may want the property for recreation purposes. As long as the buyer is aware of the condition of the property, he should have the right to decided whether or not he wants it. The bill establishes exemptions regarding the problems previously mentioned

In summary, the property owner or subdivider is required to file a map and legal description, obtain appropriate approval from the governing body, and the consumer is adequately protected. This meets the needs of the consumer, government and the industry.

Gene Milligan, representing Nevada Association of Realtors, testified next in favor of the bill. He introduced people in the audience that were members of the Association, and other interested parties.

At this time Senator Echols asked Mr. Milligan to defer to Senator Helen Herr, who wished to make a few remarks in favor of A.B. 375.

Senator Helen Herr, testified in favor of A.B. 375. Senator Herr is in the real estate business herself and said she felt this was a very good bill. She discussed the subdivision laws briefly and gave some examples of hardships this bill can cause. She said in California five parcels equal a subdivision that was the way it should be in Nevada. Senator Herr said she did feel that when they sell off half their ground they should have to go to the governing body and give the particulars. She stated she was speaking for some of the little people.

Mr Milligan continued his testimony at this time. Mr. Milligan indicated that rather than burden the record with repeated testimony, he was speaking for all of the organizations in the room today. He elaborated on the problem referred to in Assemblyman Robinson's statement. He also explained the "4 by 4" system; he explained the problems they had had with this. Problems arose because there was no governmental review. Because of these problems the present parcel map law was introduced and adopted by the legislature. As a result of the law there were 15 attorney general opinions requested from the Department of Commerce and numerous district attorneys received the same request because of the problems that arose.

Mr. Milligan pointed out some specific problems. (1) the approval cycle: requires sign-off certificates by numerous agencies with regard to water, sewage, zoning, etc. (about 8 or 9 agencies). This is very burdensome and costly, plus the survey. Mr. Milligan discussed the approval cycle briefly.

(2) What their approval cycle proposes is that the planning director, where on exists, be given authority to approve the plat map. The plat map will have to have certain information on it and will have to have disclosure to the buyer as to the condition of the water, and the other 8 or 9 areas that are included in the cycle. They feel that if the buyer knows the conditions, he should have the right to buy it. This is spoken to in the bill on Page 5, Line 9. They feel this provision protects the buyer, which gets back to the original problem of 4 x 4ing.

One questions that has arisen is the dedication of streets. They agree that the local governing body has the authority to indicate where the dedication will be. In the event the person decides to build on that property, he will have to dedicate land for the street. There is a provision in the bill that the local government can require dedication. This is Page 7, Line 17. This is existing language and is not being changed.

Senator Bryan asked Mr. Milligan if there were provisions that took care of someone buying some property and then the next week coming down to the county or city and asking them to come out and surface the road. Mr. Milligan said he thought they would have to pay for that themselves. Ron Reese, Las Vegas, spoke from the audience concerning this point. He stated past experience has been these things are happening and there is nothing in the bill that says the buyer or seller would be putting out extra money for these improvements. Mr. Jim Hayes also spoke briefly concerning this point.

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Mr. Milligan said the surveyors had a bill which was introduced. The bulk of that bill has been combined into A.B. 375, with the exception of two provisions. This was done in the Assembly because both bills were amending the same part of the chapter and this language is on page 2 of A.B. 375. The realtors have no objection to this section of the bill. This provides that they no longer have a survey required; however, if there are any questions, a survey will be done. One of the main considerations here is that it requires a legal description. Mr. Milligan indicated there were two kinds and described them. He states there have been some objections there. To require a survey on every property is very burdensome and expensive; and he stated that title insurance would not be issued unless the description is correct. There was a brief discussion concerning this.

Senator Bryan asked Mr. Milligan to go through the bill and outline the changes for the benefit of the committee. It is done as follows: Line 13, page 1, plat map is substituted for parcel map. A parcel map requires a survey; plat map requires submission of a map with legal description. (Plat map is defined on Page 5, line 6; Mr. Hayes read the definition.) Jim Hayes was at the witness table with Mr. Milligan and offered further input. He stated they had met with the surveyors, people from the state, and asked them what their problems are. Much of the language in the bill is a composite of work done by these various groups.

Line 10, Page 5, spells out the requirements as to the disclosure of information at the time of conveyance. It was at the request of the surveyors that the term "plat map" was used. Parcel map is defined in Chapter 625 of NRS. Mr. Milligan said for purposes of four parcels or less they have substituted plat for parcel.

Jim Hayes explained Page 2, Section 3. All of this is what the surveyors requested they incorporate into the bill. It allows the subdivider to file a certificate of amendment. Page 2, Line 37, was included by the bill drafter; however, it was the realtors recommendation. They put this in because they were advised that a district attorney was con-

sidering coming out with an opinion that once a parcel had been subdivided, it could never be subdivided again. It seems that each district attorney had interpreted the law a different way and this was put in for clarification. This was discussed briefly by Mr. Hayes, Senator Bryan and Mr. Milligan. Ron Reese spoke briefly also concerning this. He stated this section was in reference to subsequent subdivisions.

Mr. Milligan continued with his outline of the bill. He referred to Page 3, Line 19, where you have the first definition of plat map. The next change is on Line 38, Page 3, where you have the definition of subdivision. Mr. Milligan pointed out that this in no way changes the over all subdivision requirements. Line 40, Page 3, the words "seperate interests or interests in common," are bracketed out. Mr. Milligan explained this was done for the problem where a group of people want to buy one parcel. If they buy one parce they have to go under the subdivision act. Senator Raggio said they were trying to correct the problem where someone has an acre and wants to change it to two parcels. This goes further and allows them to divide into four parcels. Mr. Hayes said no. Senator Raggio said if you divided it into four parcels, it would be exempt from the subdivision law. Mr. Ron Reese said actually that would be true, but would have to be with the approval of the governmental entity. Mr. Hayes said if you tried to break it down, you would still have to do the off-site improvements. Senator Raggio asked if they would have to go through the subdivision plat. Mr. Hayes said you would. This was discussed briefly. Line 39, Page 3, changes the parcels from two to five or more lots.

At this time Senator Echols had to leave to attend another meeting and Senator Blakemore took over the chair.

Senator Raggio asked what the reason was for the differentiation between Clark and Washoe County. Mr. Hayes explained this. Mr. Hayes then addressed himself to Page 3, Lines 44 through Lines 2 on page 4. The word nominal was added on line 46 and is just a "word of art" so to speak. The rest of the language was brought into affect because in the first meeting held in the Assembly Committee on Commerce, they didn't want to change the old law; this language is reflecting the thoughts of that committee. The next change is the elemination of Lines 6 through 11 on Page 4. This was, Mr. Hayes said, superfluous. When questioned by Senator Bryan, Mr. Hayes indicated that if you didn't have true access and you took off the roadways and easements, you couldn't comply with the law. The next changes would be to change all the section numbers; for example, Section 3 now becomes Section 2, etc. A new Section 7 was also added. Mr. Milligan said that was the exclusionary clause and comes under the definition of subdivision.

Mr. Hayes then addressed himself to Page 5, Line 1, the word subdivision was changed to "land division." This was done on the recommendation of Mr. Erickson from the State Land Use Planning Agency. Mr. Milligan said the term "land division" is a neutral term because subdivision is defined and this is excluded from subdivision. There was a brief discussion about this. Mr. Hayes then went to line 23, Page 5, and said this is just giving the approval to the appropriate governing body. This came from recommendations from the meetings they had. Mr. Milligan explained the intent of this section and there was a brief discussion about it. Senator Raggio asked if they were really giving the authority to the planning director. The right to appeal was discussed in answer to his questions. They explained that the planning directors would use good reasoning. Mr. Milligan said the burden rested on the applicant because there are certain provisions set out that he must adhere to. Discussion followed. Mr. Milligan said that because there are 17 different counties, you will get 17 different approaches.

Page 5, Line 41, "the governing body shall...." and Line 46 (a) "the planning department shall...." Senator Bryan asked if the planning department approved the plat map if there is a planning department, if not, then is it approved by the city or county commission. Mr. Milligan said yes. He inserted that there are planning personnel in Carson City and elsewhere. Page 6, lines 1 through 12. Mr. Hayes said Line 12a is required before a subdivision. Following the reading of Line 15, Mr. Milligan said that is a correction for the purpose of survey. After Line 19, Mr. Hayes explained that if you had a condominium or an office building and you wanted to knock out a wall, according to the law you would have to file a subdivision, do a survey and all the other things required in order to add space to an office building. Line 22, he said the reason for that is more than one piece of contiguous land were purchased, they might claim the purchaser would have to go back through a subdivision in order to get them in the original state under which they were purchased, or as an individual wanting to sell the parcels seperately, one would have to go through the subidivision law.

Senator Raggio asked about subsection 6, Line 21, if that would create a loophole according to how much land a purchaser wanted to purchase. Mr. Milligan said in a population of over 100,000, if they buy in 10 acre lots, they would be exempt anyway. Over 40 acres they would be exempt, but if they bought 2-5000 acre parcels of land, they would remain seperate and that is basically what they mean. Senator Bryan asked if this would go beyond stated objective to allow someone to come in the back door. General discussion of division and resale of parcels of land was held by Committee members and witnesses, as to law requirements. Mr. Hayes said this other language, then, was recommended by the surveyors as to the record of survey and parcel map.

Senator Bryan asked if the term parcel map has any continuing recognition in the law at all with these changes. Mr. Hayes replied it is referred to in NRS 625. Mr. Milligan corrected this to the very beginning of NRS 278.500, under the subdivision act. Senator Bryan asked further questions concerning what type of map is required. Mr. Milligan said record of survey maps, etc. Mr. Milligan said he had gone back and looked at every line of the major subdivision law and the parcel map is not referred to there at all. The general consensus was it doesn't affect the subdivision law at all.

Mr. Hayes referred to Page 7, reviewing the changes and the increase for charge for plat map from $2.50 to $3.50. "RE" was taken out because of conflict with NRS 625. Discussion by Mr. Milligan at the bottom of page 7, that registered engineers cannot survey. There was general agreement about that. In brief, they reviewed the technical changes in language. Mr. Hayes concluded by saying that by incorporating NRS 278.0, local entities to 278.6, inclusive, can correct their own particular problem by bringing in a local ordinance and be given the authority to do this through legislation. Senator Bryan asked where governmental approved is indicated in the bill. Mr. Hayes answered Page 5, Line 10 and Line 15.

At this time Senator Echols instructed the audience and committee members to consolidate their testimony and questions in fairness to all wishing to be heard and that Senator Blakemore would chair the meeting following the recess for the Senate Session. They recessed at 2:00 p.m. and returned at 3:00 p.m. Senator Blakemore was in the chair.

S.B. 372: Exempts banks and certain loan associations from usury law.

Fran Breen passed out the proposed amendments to the bill.

Gail Bishop, Operating Engineers, Local 3, testified. He spoke in favor of S.B. 372. He favored the bill on behalf of all construction and industry people because of the need for loaning funds to supplement the economy after depressed construction during 1973 and 1974. He favored the bill for the labor benefits from ample funds available through the various lending institutions. He asked the committee to look favorably upon the bill on behalf of the construction industry.

Senator Monroe moved to amend and do pass.
Senator Foote seconded the motion.

Senator Bryan said he had spoken to Mr. Warren and others and he will not support the motion in its present form. He said he was persuaded by the financial insitutions that there is a problem, but he would not support taking off the ceiling completely. It was Senator Bryan's suggestion that an administrative procedure be built into the law that at such time as the conditions of the financial community warrants, Mr. Melner would have the authority to lift the 12 percent maximum usury rate for a period of, for example, not to exceed six months. Then if at the end of that six month period another extension was needed, he could do so. He stated that would be a defensible piece of legislation, in his opinion. Senator Bryan said there was a good argument that there should be equality of treatment for all, not just the lending institutions. Senator Blakemore asked if he had any specific language. Senator Bryan said he had talked to Mr. Melner about this.

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Mike Melner, State Commerce Director, came forward at this time. He stated that Senator Bryan contacted him the day before regarding his proposal as stated above. Mr. Melner said he told Senator Bryan they would be willing to administer it, but they would have something in the way of guidelines. Mr. Melner said if the committee wanted to have some kind of pressure valve, he would prefer to have it in his office rather than in any of the other divisions of the department.

Senator Raggio asked how Mr. Melner would envision this working. Mr. Melner said his understanding would be a triggering mechanism, probably tied to prime or some other rate, where it appeared that usury would no longer be workable. It would either trigger itself or be triggered by application by a lending institution to the Department of Commerce. They would hold hearings to find out if this kind of relief is appropriate and change administratively, for a specified period of time, the usury rate.

Senator Monroe said he felt the bankers had a legitimate request and that they were responsible people who would not have asked for the legislation if it was not needed. Senator Bryan said he was persuaded also that there may be a problem down the road, but by every bit of testimony offered in favor of the bill, there is no problem today. To simply take the ceiling off, in my opinion is not defensible.

Senator Echols said that each member of the committee has a philosophy about this piece of legislation and he submitted they vote on it. Senator Blakemore indicated they were not in a position to vote until testimony was completed and any amendments taken. Senator Bryan reiterated his objection to the bill.

The vote on the bill was six to one. Senator Bryan voted no, the rest voted yes.

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A.B. 495: Enacts privisions regulating organization and operation of credit unions.

Assemblyman Don Moody testified in favor of the bill. His written testimony is attached and will be labeled ATTACHMENT 1.

Mike Melner, State Commerce Director, testified. He said Glen Reese, who is the manager of the Nevada Credit Union contacted him more than a year ago to talk about the need for this legislation. It would create a new Division within the Department of Commerce to regulate state chartered credit unions. He said they agreed to the placing of Section 92 within the bill, which would help the department to prepare to implement the legislation. He said it was his understanding that the department would absorb this function with no fiscal impact or at no cost.

Mr. Melner indicated that Section 92, page 20, privides for fees. Senator Bryan asked if they forsaw any problem with providing staff and Mr. Melner said no. He stated he would use people from his present staff. He did say they may have to come to the legislature two years from now to ask for an authorization to spend monies, but not for an appropriation. He reviewed briefly the fees collected by Savings and Loan, Banking, etc., of his department which go to the general fund and said they collect much more than is used for administrative purposes.

Glen Reese, Managing Director, Nevada Credit Union League, State Association of Credit Unions, State of Nevada, testified in favor of the bill. His written testimony is attached and will be labeled ATTACHMENT 2.

Mr. Reese also reviewed the changes made in the bill. He answered questions from the committee.

Senator Bryan moved to do pass.
Senator Monroe seconded the motion.
Senator Echols abstained. Senator Raggio was absent. The rest of the committee was present and voted aye.

A.B. 155: Deletes provisions referring to members of mutual associations.

Mike Melner, State Commerce Director, testified. He stated this measure is a house-cleaning measure introduced on the request of the Savings and Loan Division of the Department of Commerce to remove archaic language. He answered questions from the members of the committee.

Senator Bryan moved do pass.
Senator Foote seconded the motion.
Senator Echols abstained. The rest of the committee was present and voted aye.

A.B. 414: Requires superintendent of banks to establish certain limit on loans by bank to its directors or employees.

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Mike Melner, State Commerce Director, testified. This bill addresses itself to the making of unsecured loans to employees of banks which is generally prohibited. Senator Echols explained the loaning limit was set many years ago at approximately $250 or the equivalent of a month's salary. He said that $1,000 would more nearly approximate a present month's salary.

After a short discussion it was decided to hold the bill until Assemblyman Demers, sponsor of the bill, can come it to testify.

S.B. 544: Permits creation of economic development assistance act companies.

Renny Ashleman, Attorney in Las Vegas, testified in favor of the bill. He said this measure will create a new institution called economic development act companies or institutions, know in other areas as thrift institutions. These are not intended to be competitive with small lending institutions and the bill, in fact, limits the loans to under $2,000. They would make the type of loans that would be made to small farmers, miners, etc. The experience in other states is that most of their business derives from referrals to them from other loaning institutions. Mr. Ashleman handed out a paper entitled "The Nevada Economic Development Assistance Act." This will be labeled EXHIBIT C. Mr. Ashleman also handed out some proposed amendments, which will be labeled EXHIBIT D.

Bob Goodman, Economic Development, City of North Las Vegas, testified in favor of the bill. He reviewed examples of small business operations in outlying areas of the State, such as moving a house on lots, running mobile repair services, etc. This program could be used in any venture where capital is limited. He feels the bill would be of assistance to these many small operations. Mr. Goodman gave examples of persons in the North Las Vegas area who would benefit from this type of plan. Senator Blakemore said that this, in affect, would be another level of money availability.

Mike Melner State Commerce Director, stated that the Superintendent of Banks determined

he needed some amendments to the bill after reviewing it. He worked with the representatives of this industry and they came up with regulations to amend which tightened the legislation considerably. The Superintendent is now satisfied with the controls, bond amount and supervisory authority that were written in.

Senator Raggio said he thought the amendments designated Mr. Melner to regulate these companies. Mr. Melner said that was correct, but that he probably would designate the Superintendent of Banks for this purpose. Discussion followed. Senator Raggio said he was quite concerned about the controls. He said every other area the state controls, where they have depositing, there is adequate security and insurance. He stated he wanted to satisfy himself that there are adequate means to control the depositers and assure them their funds are safe. Mr. Melner said there was a greater risk involved and they are unisured because there is a greater risk. Mr. Melner said they were not actually depositers, but more in the nature of co-investors. He said they don't call them certificates of deposit. Senator Raggio asked if they would guarantee interest for a period. Mr. Melner said yes. Senator Raggio asked if they would insist on that by regulation. Mr. Melner said he thought they could. He did say it was a matter of the marketplace; it requires more sophistication because it is not like going into a savings and loan or a bank where you know they are insured. He said you are also fixed to a lower rate of interest. Mr. Melner said when you buy one of these, it is closer to buying a share of stock.

Senator Blakemore said the Department would have the primary ability when they licensed these companies to know whether they were going to do a good job. Mr. Melner said that was true, but they would still have to supervise their portfolio. He said you would examine them regularly to see how good or how bad the investments were that they are making. Mr. Melner said it would be the basic duty of one of the regulators to see that they don't pay an amount of interest that would damage someone or a rate they couldn't meet.

Senator Raggio asked why they aren't going to be competing with savings and loan associations and banks for funds. Mr. Melner said he thought they were going to be if they have someone who is willing to take more risk for a higher return. Senator Blakemore asked how successful these things were in other states. Mr. Melner said they were very successful in other states. He said they work and they work very well, Mr. Melner said they checked with the Superintendent in California and they seem to have worked very well there. Mr. Melner said you have to be careful with licensing, with new management or changes in management, and you have to watch their portfolio to see what kinds of loans they are making. He said it was a supervisory problem and you either trust regulators or you don't. Senator Blakemore asked how much regulatory power they had. Mr. Melner said this was a strong bill with the amendments the superintendents of banks had proposed. He said right now they couldn't justify a seperate department to regulate these companies. Senator Blakemore asked how many they expected to apply for licensing. Mr. Melner said he was aware of two in the next year. He said you would have to establish need because you can't have too many.

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Senator Blakmore asked Mr. Melner if he felt comfortable with the bill. Mr. Melner said yes. Senator Sheerin asked if he saw any irony in the fact that a few minutes ago they passed A.B. 155 which deleted memberships in mutual associations. Mr. Melner said no, those were different kinds of structures. Senator Raggio asked if there was an interest limit on these. Mr. Melner said yes, to a certain extent, then there is not. Mr. Melner said this was private capital, and if they think they can make money doing this and the department can make sure they don't hurt anybody, but their open-eyed investors. Mr. Melner said the investors had better make sure their eyes were open and that this is a risk that private enterprise wants to take. Senator Blakemore asked Mr. Melner if he was sure he felt comfortable with the bill. Mr. Melner said that frankly, he would propose regulations that are tighter than these as far as the logical extensions they are going to require. Mr. Melner said he would propose to come up with a set of forms and an approved set of notices and forms which make it clear that this is not a deposit. Senator Raggio said he felt that people would feel they were making a deposit. Mr. Melner said it would be incumbent on them to make sure they know there is a degree of risk.

Senator Raggio asked about Section 24, which states this must be an individual business, except it may be run in connection with the insurance business. Mr. Stern said from the audience that the reason for this is that it is an excerpt from Nevada law. Mr. Melner said this comes out of the small loan company law because you want to be able to insure collateral. He said this would be a lending institution with an insurance company attached.

Renny Ashelman, Attorney in Las Vegas, testifed next. He directed the attention of the committee to Section 19, Page 3. He asked them to contrast here with what they do with stock companies or with the banks. He said the regulations were considerably more stringent here than they are in either the banks or the stock companies. He said there was no requirement at all when you started a corporation in the State of Nevada to have any capital. There can be intrastate sales to people in the State of Nevada without any capital at all. He said there is no requirement that there be any bond. He said even

the federal government does not require these kinds of things. Mr. Ashleman read through the regulations and stated that they were all more stringent than those imposed on the banks, at least in the form in which they appear in NRS.

Senator Raggio asked Mr. Ashleman how he interpreted Section 34, where it talks about capital stock. Mr. Ashleman said that comes out to $325,000, with the proposed amendments. Mr. Ashleman said there were safeguards throughout the bill and much licensing language throughout the bill. He said they don't have this in any of the commercial areas. He said that the Department of Commerce could put out just about any regulations it wants to. Mr. Ashleman said he thought they were going to be competitive for money in the sense that all loan markets are competitive for money. He said that these institutions as they are set up and named, he didn't think anyone was going to mistake them for First National Bank. He also said he thought they would see a different kind of investor in this.

Sidney Stern, testified next. Mr. Stern said that he had been in this type of business for the last 25 years. He started a company in California with capital of approximately $25,000 and one office. He said when he started this company the same kind of questions were asked. He said this is something that is strange and new in Nevada, but he thought the record supplied from California is an enviable one. Mr. Stern sold his company in 1968 and left it in 1972. At that time they had $60,000,000 and they had 55 offices throughout California in all areas of economic activity. He stated the loans made by his compnay were not the kind that were described by Bob Goodman. He stated that most of this bill is predicated upon the responsibility of the Director of the Department of Commerce of the State of Nevada.

Mr. Stern told about one of these companies in California that was owned by a bank. He said you couldn't have amatuers comeing into this business. The important point is that these institutions do not compete with banks. They don't make loans like banks do at all. Mr. Stern said it was his experience that 90 percent of the loans they made were referred by banks. Instead of banks telling a prospective borrower they can't help him, they refer him to these thrift companies. Mr. Stern told the committee to notice that loand under $2,00 cannot be made.

Mr. Stern said he was in this operation for over 20 years and their charge-off averaged less than one half of one percent. He said he doubted any bank anywhere would have a record like that. Mr. Stern said this was because you have the regulations to control you and at the same time you go in and take people's money with a sense of responsibility. He said this is a kind of financial institution than can do what other financial institutions cannot do.

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Senator Raggio asked if there was any insurance on the thrift certificates in California. Mr. Stern said in California the law started in 1917 and until the year of 1970 or 1971, it was enacted an insurance for thrift accounts. Mr. Stern said he was on the committee that formulated that program. He said it was a self-insurance program. There is nothing from the national government that would insure these because every state is different. There could be insurance in Nevada, but you have to give the companies a start first. Mr. Stern discussed this briefly. Mr. Stern said if this law is put through correctly, you will have insurance, but it will have to be self insurance. He also said he didn't envision the Nevada operation being as large as the one in California because of the distance between cities, plus the population being very small. Mr. Stern said if you had two or three companies, there is no reason why they couldn't self-insure. Mr. Stern said until the time they self-insure, the director must be very careful about who is in the business and he must meet the high standards which would be established in this law..

Mr. Ashleman came back to the table and said he had talked to the savings and loan associations, secondary mortgage companies, banks, small loan people, and they have all advised Mr. Ashleman that they do not oppose the bill. Mr. Ashleman said he wanted to make that plain because of the element of competition.

S.B. 543: Prohibits lending institutions from charging points or raising interest rates by more than 1 percent in certain property transfers.

Senator Raggio said that Senator Herr had introduced this bill in another session. This is the bill that had been discussed in the committee. The purpose of the bill is to meet a situation which has occurred where someone purchases a home on which there is a loan and then is told by the institution that is holding the deed in trust that they are going to have to increase the rate of interest on the loan from six to nine percent. This is a regulation which would not allow the lending institution to charge and receive a fee of more than one percent for this transfer of the obligation. Senator Raggio said he didn't know all of the ramifications of the bill, but he is told that the mortgage companies, etc., don't have much concern about the bill.

Jim Joyce, Nevada Savings and Loan, said the position of the savings and loan associations is that they would not oppose the bill in the form it is in.

It was decided to hold the bill until the end of the meeting.

A.B. 375:

Gene Milligan said they had had a long discussion and decided that everyone would come back and testify as to their various problems. They hadn't been able to reach any conclusion during the meeting. After a brief discussion, it was decided to recess until the hour of 7:30 p.m. The meeting did reconvene at 7:30 p.m. with all members present with the exception of Senator Raggio. Senator Blakemore was in the chair.

Bob Gardner, Public Works Director for Douglas County, testified. Mr. Gardner said they had had quite a few problems keeping up with this bill. He also said they didn't get a chance to offer testimony to the Assembly Committee before the bill reached the floor. The Nevada Association of Realtors indicated they had mde with the local governemnt organizations, surveying organizations and societies and Mr. Gardner pointed out that, to his knowledge, they have not met with any representatives of Douglas County, Washoe County, City of Reno. Mr. Gardner was aware of one meeting with the Nevada Association of Land Surveyors, and six months ago with the American Public Works Association, Nevada Chapter. It was represented by most of the public service officials of cities and counties throughout the state. They invited Gene Milligan to come down and sit on the panel to discuss the parcel map, which he did. At that time there was no discussion about some of the major changes proposed in the bill. Mr. Gardner took a few minutes and went through the bill and indicated the portions they are in favor of and are agreeable to them.

1. Changing parcel map to plat map. Mr. Gardner said they could see no reason for making this change. He said reference had been made earlier to NRS 625 and that this might be in conflict with this chapter. Mr. Gardner said they had checked this and could find no reference to parcel map in this chapter; therefore, they see no conflict in leaving parcel map in. Senator Blakemore said there was no definition of parcel map. Mr. Gardner said in NRS 278.500 through NRS 278.630, which is the meat of what they are talking about. He said they would rather not change it because they feel it would add confusion now that the public is aware of what is being referred to when you say parcel map. Mr. Gardner said for the purposes of what they are talking about, the parcel map and the plat map are the same thing. Senator Blakemore asked if this would change the intent of the bill if the change were not made. Mr. Gardner said as far as he could see, no.

2. Page 2, Line 1-36. They are agreeable to this. It is an approved procedure for correcting or amending a map which is found to have an error in it. Senator Bryan said from the implication of NRS 278, are there presently other plat maps. Mr. Gardner said that all of the older subdivisions in all of the counties are referred to as plat maps. For this reason, Mr. Gardner said he could see some additional confusion in the terminology of plat mpa.

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3. Section 6, Lines 37-40. They are not in favor of this amendment. It speaks to two things. Currently, there is nothing to prevent a person from re-subdividing an existing subdivision. They feel the way this is worded, it would allow the person to submit a parcel map or plat map and continue to submit one after another and, in affect, evade the requirements of a subdivision of five or more parcels. Senator Blakemore asked if there was potential circumvention. Mr. Gardner said yes. Senator Bryan asked if it wasn't possible to further subdivide after you file the subdivision map. Mr. Gardner said yes. Senator Bryan said that recognizing the realtors have a problem, he asked Mr. Gardner what kind of language he would suggest to the balance of Section 6 that addresses itself to their problem, whis is namely an ambiguity that some have interpreted to prohibit any further subdivision. Mr. Gardner said a subdivision of five or more parcels, it is standard procedure to require full improvements. The purpose of the parcel map when it was first set up was to have control over small land divisions, but yet not create such a financial burden that a person couldn't divide a piece of land in half. Mr. Gardner said in most counties they do not require the same standards on a parcel map that they do on a full subdivision map. Thus a person would be able to submit parcel map after parcel map and eveade the requirements of improvements on a subdivision and Section 6 would allow them to do that. Committee discussion followed.

Mr. Gardner said what they would like in local government is a little more power to require certain improvements. There was also a brief discussion on assessment districts, the point being that it is very hard to get one of them going.

Mr. Gardner said in a subdivision the burden falls on the subdivider to put in the improvements. The parcel map is to help the person who just wants to split a parcel in half and so the improvements are not required. Mr. Gardner said what they are trying to avoid is someone doing many parcel maps together and evading the requirements. Senator Monre asked if an amendment stating that after the second subdivision the improvements would have to be made would be helpful. Mr. Gardner said that would be agreeable.

Senator Sheerin stated there were two ways to get at the problem. He said Senator Monroe's suggestion would be one way. If someone has a 40 acre parcel, you don't want him to thwart the subdivision law by filing a parcel for four tens and then the next day filing a parcel map for four-two and one halfs and the next day cutting those up into halves again. The problem with what Senator Monroe suggested is that if the owner sells one of the tens

8. Lines 45, Page 4. This presents a problem to Douglas County. This exempts a parcel map requirement when there are existing residences on a parcel. This is good in that if there were previous divisions before July of 1973, and there were residences already on it, it seems like they should be exempt from the requirement of the parcel map. Jim Hayes pointed out that this is old law. Mr. Gardner said there was still a problem in Douglas County because their zoning ordinances allow, for agricultural purposes, for a person to put several dwellings on one parcel. The way this is worded, it would allow a person to go out and build the homes, then divide it up without the requirements of a parcel map. Senator Bryan said the bill was not changing that, because it is existing language. Mr. Gardner agreed they would have to work on this at a county level since this is only a Douglas County problem. Committee discussion followed.

9. Page 6, Lines 10-18. They are in agreement with this amendment because it speaks to many of the problems. Mr. Gardner went through the exemptions one by one. There is one other exception that is not covered here that he thought was good, which they have in Reno, Washoe and Douglas Counties, and that is that they exempt the requirement of surveying any parcel that is over 40 acres. Mr. Gardner explained the reasons for putting this in.

10. Line 19-20, Page 6. Mr. Gardner said he was opposed to this. He said he had heard it stated earlier that if a person had an office building and he wanted to partition off and create one more office, he would have to file a parcel map. Mr. Gardner said this is not true because the only time you are involved in a parcel map is if you are selling a space and that would apply to a condominium only. The problem with Line 19 and 20, the Mr. Gardner reads it, would allow a person who had constructed an apartment to turn it into a condominium with no map requirements. This creates a problem because an apartment and a condominium are not constructed to the same standards. Mr. Gardner discussed this briefly. Senator Bryan asked if they could surmount that problem by putting in an exception. Mr. Gardner said he didn't see any need for putting this into law and he explained. Senator Bryan asked if he was suggesting that a plat map should be required. Mr. Gardner said it was now required. Senator Bryan asked if this is when you convert one to another. Mr. Gardner said yes, and he felt this amendment should be deleted. Discussion followed from persons in the audience, Mr. Gardner and committee members.

to someone else, would the buyer then be required to put in the improvements. Senator Sheerin said the way to handle that is when it gets down to a certain size or lots, then require the improvements to be made. Mr. Gardner said this is what the realtors are opposed to and that is requiring too many improvements on the little man who wants to split his parcel map. General discussion of the point followed.

Mr. Gardner said if you eleminated SEction 6 that would take care of the problem. Senator Sheerin said if you did that you would be right back to the problem they had before they passed the law. Senator Sheerin said he felt they had to legislate this somehow. Senator Echols asked why the local governments can't, by ordinance, take care of the problem. Senator Foote said if the local ordinances could do it, they wouldn't have introduced the bill. Bob Broadbent, Clark County Commissioner, spoke from the audience. He said they could see the necessity for part of the bill. He said he was just wondering why in the division of lands between two and five, you couldn't leave them in the local ordinances. He said that in different areas you have different problems. He said they may want to consider setting some regulation relieving the control over the subdivision of land in so-called minor subdivisions up to local ordinances. Discussion of this point was carried on briefly.

4. Section 8. They have no objection to Lines 40 and 41. Senator Monroe asked about the five parcels. Mr. Gardner said he felt that should be two, but said this goes back to the whole definition of what this bill proposes. Senator Monroe asked what if they amended it to three. Mr. Gardner said all that would do is make three by three's instead of four by fours.

5. Page 3, Lines 46-49. The way this is written, it doesn't affect Douglas County too much except there is a conflict in the part about the ten acre parcels and the ten acre provision on the bottom of page 4. On the bottom of Page 4, Line 46, it exempts ten acre agriculture parcels from the definition and requirements of a parcel map. He said that presents no problems to Douglas County, but it has to some counties. In any county with more than 100,000 people, it exempts any ten acre parcel. Mr. Gardner felt there was a conflict there also. Senator Monroe asked if the 40 acres are in conflict with S.B. 340. Mr. Gardner said S.B. 340 was pointed at the problems they are having in Elko County with the division of 40 acre parcels with no easements. S.B. 340 required, through the Real Estate Division, a procedure to make sure they had access to those parcels

Gene Milligan spoke from the audience and said S.B. 340 addresses itself to Chapter 119 and really supplements and compliments A.B. 375. There was a brief discussion about this point.

6. Page 4, lines 6-10. They are in favor of this deletion.

7. Lines 29, 30, and 31, Page 4. Mr. Gardner said all this was was fitting in the definition they have in the bill of plat map.

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11. Lines 21-25, Page 6. They are agreeable to these changes. This amendment would allow a group of people to buy a parcel of land and keep it as one parcel without falling under the requirements of a subdivision.

12. Page 7, Lines 1-2. This changes the fee for filing a plat map to $3.50. Mr. Gardner said this doesn't begin to cover the expense of the recorder. Senator Bryan asked if they agreed with the references to registered civil engineer. Mr. Gardner said they did because that just brought it in conformance with NRS 625.

Mr. Gardner now rebutted some remarks that were made by previous speakers. Someone had mentioned they were having trouble getting their maps approved. Mr. Gardern said in his experience in Douglas County the only time a parcel map was not approved was when there was a problem with no access to a parcel or a problem or providing emergency services. The other witnesses spoke of being approved by numerous agencies. Mr. Gardner said the existing legislation requires the approval of one agency only, the governing body of the city or county. Another witness said they had to have these maps signed by eight or nine different agencies. Mr. Gardner said the state statutes now require four signatures - the owner, the utilities companies, the surveyor who prepared the map, and the signature of the clerk saying the governing body approved the map. Mr. Hayes said this was not true in Clark County because they have to have the signature of the Fire Chief, the Health Department, etc. Mr. Gardner stated it sounded to him like they were having problems with one specific agency and not the state statutes. Mr. Gardner said if there were problems with the local agencies, they should be addressing amendments to their local ordinances. There followed a discussion of the interpretation of the statutes between Mr. Gardner, Committee members and persons from the audience.

Senator Sheerin asked if the signators on a parcel map are different from those required on a subdivision map. Mr. Gardner said yes. Senator Sheerin asked Mr. Gardner to review those signatures for the committee, which Mr. Gardner did.

Mr. Gardner went back to Page 5, Section 2, Lines 10-18. He said the previous existing legislation allowed the governing body to require improvements as may reasonably be necessary for access to the parcel. Mr. Gardner said he thought this was good. He said apparently some agencies have abused this too far and this, perhaps, is the reason for the concern of the real estate people. Mr. Gardner said the proposed disclosure statement would be very difficult for local agencies to live with. Mr. Gardner explained that the way this is worded, that it is not in the best interest of public health, welfare and safety simply to allow a disclosure statement without the ability to deny a map that has serious health or safety problem. Senator Blakemore said why should you allow them to subdivide at all if he can't build on it. He said when you come to the building permit, you are putting the problem on the buyer not the seller. Discussion followed as to who should be protected, buyer or seller.

Senator Bryan asked if the governing body would have the power to disapprove the plat map. Mr. Gardner said he wasn't sure they would have that power. Senator Bryan asked Mr. Gardner how he interpreted Lines 46-49. Mr. Gardner said this was under the appeal procedure. Senator Bryan and Mr. Gardner discussed this section briefly.

In conclusion, Mr. Gardner said, except for the areas he stated were agreeable, he recommended the bill not pass. He said the problems being experienced with local government should be solved at that level, and not create a problem for all the counties in the state.

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Robert Manley, Elko County, testified next. He said first of all he wanted to agree with Mr. Gardner on some points. Senator Echols asked if they had the some problem getting to the Assembly Committee that Mr. Gardner did. Mr. Manley said yes.

Mr. Manley said he thought Mr. Gardner was correct on Lines 41-50, Page 5, in that this probably doesn't give the governing body the right to approve or disapprove based on those kinds of things that are now bracketed out in Lines 10-15 on Page 5. Mr. Manley interpreted that to mean that the governing body can approve or disapprove whether disclosure has been made. Mr. Manley also discussed S.B. 340, which is in the Government Affairs Committee. Mr. Manley said that apparently S.B. 340 would solve the problems they are experiencesing in Elko County, but only as to access and only to those times when there are 35 or more of those 40 acre parcels. He said that Elko County at least has felt there should be more than just access and that there should be some provision for water, fire protection, etc. Mr. Manley said they were there because they have been trying to solve the 40 acre problem. He said if the problem isn't solved in S.B. 340, they would like to see A.B. 375 amended to attack that problem.

Jim Hayes spoke from the audience and said where it says the planning commission or entity in that area will approve them, that is true. He said they expounded on Lines 41-50, where it says the governing body shall, and Mr. Hayes read from the bill. Mr. Hayes said this could be construed to mean that the planning director would set down the ground rules under which they could approve it in their own particular county. Mr. Hayes said what they are trying to do instead of coming to the Legislature every two years, which is the only time they can appeal, is to give control back to the counties. In giving that

approval to the planning commissioner, they can lay down ground rules and stipulate that in order to approve these maps, certain criteria has to be met. Mr. Broadbent also spoke from the audience and said his comment would be that they would agree with Mr. Hayes' remarks if it was written more clearly into the law. He said if this was written clearly into the law, they wouldn't be there talking about it. Mr. Manley said Mr. Broadbent's comments were exactly the point he was trying to get across.

Mr. Manley suggested on Page 3, Lines 44-49, language to this effect should be added: "The term subdivision does not apply to any division of land which creates lots, parcels, units or plots of land, eachof which comprise 40 or more nominal acres of land for which plat map shall have been approved by the governing body in counties which have a population of less than 100,000 as determined." Mr. Milligan stood from the audience and said that S.B. 340 is directly on point with this problem. Discussion of S.B. 340 continued briefly. Senator Blakemore asked if Section 3 of Page 4 were amended would the remainder of the bill be satisfactory. Mr. Manley said this portion should be deleted, or agricultural should be defined.

Page 3, Lines 38-42, in the orginal Elko County suggestion, was that language should read "if divided into more than two lots, parcels, etc." Senator Sheerin asked what Mr. Manley thought about Page 5, Lines 41-50. Mr. Manley said he interpreted that to mean that they can approve or conditionally approve or disapprove based on whether or not the disclosure requirements have been met, not based on whether or not there is a flood plain, etc. Mr. Manley aid it has been their experience in Elko County, with disclosure, that people will go ahead and buy all kinds of things even though it is disclosed to them on paper. This is because they are told something else verbally. Senator Sheerin said the intent of industry no matter what the language is there, was to give local government a handle in that area. Mr. Hayes said that was correct because on Page 7 it states you have to comply with local ordinances. Mr. Manley said if that is what Page 7 means it should be more explicit. Discussion followed.

Bob Broadbent, Clark County Commissioner, testified next. Mr. Broadbent said he wanted it clearly understood that he was no engineer and no surveyor, but he did want to speak about the bill. Senator Echols asked if he had had a problem reaching the Assembly Committee's hearings. Mr. Broadbent said they had attended a few and had gotten the bill amended considerably.

Mr. Broadbent said the problems in Clark County are not the same problems they are having in other counties that were represented. He spoke about the signatures that are required on the map and said in Clark County where they are subdividing so close to a metropolitan area, the signatures of some of these people are absolutely mandatory if you are going to have orderly growth and development. He said they had 39 minor subdivisions on their planning commission the previous week, where the owner is dividing from two to four.

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Mr. Broadbent said if the people from the industry mean what they say that they can do it by ordinance, that if you clarify Page 5, which is 278.500, as it pertains to the disclosure statement to indicate that the governing body may, for reasons of public health, or safety or access, pass ordinances which would be controlling, they couldn't find too much problem with the bill. Senator Blakemore asked how he felt about the bottom of page three. Mr. Broadbent said their problem with that is it has been amended to include ten acre parcels in Clark County. He said he didn't have any idea how that got in the bill. Senator Blakemore said they passed a bill last session, which they thought gave the power to the counties. Mr. Broadbent said he didn't know if they had the power, but they had been exercising it. Senator Bryan said it was his understanding the counties did have the power but they must have gone too far last session because the industry is back this session with problems. Mr. Broadbent said the problem is where they are having four by fouring for profit.

The members of the committee, Mr. Broadbent and others from the audience discussed the details of the bill.

Douglas Hopkins, Douglas County Engineering Department, testified next. He is also a member of the Nevada Association of Land Surveyors, board of directors. Mr. Hopkins explained where the term plat map came from. When A.B. 375 first came out, instead of referring to parcel maps, it referred to records of survey, which are defined under 625 and are not intended for a vehicle of dividing land, as such, but mainly to show anything that is not necessarily of record, as such.

Mr. Hopkins stated he had been authorized by the County Manager of Washoe County to address this committee. Senator Echols asked if they had had trouble getting to the Assembly Committee. Mr. Hopkins said no, but they had received relatively short notice. He said the Senate Committee was the hard tone to find out about.

Mr. Hopkins addressed himself to Page 2, lines 3-29. He said he thought the concept there was commendable, but he wanted to point out that there was going to be one difficulty with this and they have alread experienced it in Washoe County. He problem is who pays to have the work done. When the county surveyor is required to do these things, he is

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appointed with no budget and the law says the County Commissioners may authorize payment for anything that is done at their direction. If they don't direct it, it can't be done.

Lines 37-40, Page 2, Washoe County concurs with the previous testimony from the opponents of the bill on this. Page 3, Lines 38-41, Washoe County takes the position that they do not want to go from two to five. They prefer to see it the way it is not. One of the reasons is a word that everyone has been quibbling about but not really said and that is "planning." Proper planning is required and they only one that is really concerned with planning, as such, is government. Mr. Hopkins discussed this briefly.

Page 3, Lines 49, Washoe County is experiencing a problem in the Red Rock Road area with two particular subdivisions which have filed under the old record of survey law, which allowed for ten acre lots to be developed with no dedications. He said they have approximately 600 of these ten acre lots and only one narrow county road goes out there several miles to serve thes 600 lots. They have already been experiencing problems with people coming in who bought those ten acre lots who are asking for parcel maps to break these ten acre lots down into smaller parcels. He said it is a potential there because of the one acre zoning to set up 600 homesites which could be broken down into 6,000 if they start subdividing and they would all be served by that one road. The county would prefer to not see a situation like this be allowed because it would be putting an extra burden on the taxpayers to develop miles and miles of road to a higher standard.

Page 5 mentions the rectangular surveys. It doesn't say anyting in the bill about existing subdivisions which are described by lot, plot, or existing non-subdivisions, non-rectangular surveys which are defined by meets and bounds. Mr. Hopkins thought it should be clearer in that area. Senator Sheerin asked if the problem would be solved if they deleted "taken from government rectangular surveys." Mr. Hopkins said he thought that would be better. Discussion followed from the audience and committee members about proposed amendments.

Page 5, Lines 29-38, they question whether the elemination of the surveyor being involved in the act of breaking up the property is in the best interests of future land title records. If the layman is allowed to break up properties without having the expertise to do it, you can have much confusion in a few years with land titles. Discussion followed.

Page 6, Lines 10-13, Mr. Hopkins said he would see why this was put it and he thought it was basically good. However, the way it is written it is possible that a person could take a ten acre parcel and break it into four-two and one half acre lots by defining an easement or right of way and giving that easement or right of way to his cousin. He then, in affect, has divided the land without the use of a parcel map. Discussion followed. He thought if the word "public" was inserted that would take care of it.

Mr. Hopkins pointed out that in Washoe County their experience has been when there is uncontrolled growth, they experience certain areas clustering together. It has also been their experience that these people tend to be naive in a lot of cases and these are the ones that move to the area and later put a great demand on local government to provide them access type services. Discussion followed.

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Bob Erickson, State Land Use Planning Agency Agency, testified next. Mr. Erickson read a memorandum into the record. It is attached and will be labeled EXHIBIT D. Senator Echols asked if these amendments he suggested were presented to the Assembly Committee. Mr. Erickson said he attended those meetings, but he did not testify.

Don Beyer, Principle Planner on the Regional Planning Commission for Reno, Sparks, and Washoe County, testified next. He was speaking on behalf of Russ McDonald, Washoe County and Dick Allen, Planning Director for the Regional Planning Commission. He said all the points that were discussed here were basically his feelings as well. Mr. Beyer did elaborate on these points briefly. He referred to Page 3, Lines 47-49. Washoe County would fall into the category of 100,000 population and they would fall under that exemption they are suggesting of the ten acre subdivision. His concern was whether or not this legislation tampered with the major subdivision act as it exists. Mr. Beyer discussed this briefly.

Mr. Beyer discussed the recreational subdivision. He stated he had heard this being described as land that an individual can buy and go visit and do whatever they want to do with it. He thought this was something they really couldn't live with. Committee discussion of recreational subdivisions followed.

Mr. Beyer spoke to the provision in Page 5, Lines 10-18, and to the section requiring the governing body to approve the maps. Mr. Beyer said it wasn't really clear that the governing body would be approving and he thought if they would leave the language as it reads now, they would have no objection to approve the plat maps. Without any clear cut definition as to what they are approving, Mr. Beyer said he thought this bill indicates that all they have the authority to approve is the disclosure statement. He said that doesn't give them enough control to protect the welfare of the general public.

Senator Bryan asked what observations Mr. Beyer had on Page 3, Lines 39-40. Mr. Beyer said if they had the proper controls to assure that access and drainage is adequately taken care of, he would have no objection to the amendment. 618

Mr. Reese spoke from the audience and said that A.B. 375 does not change the number from the existing Chapter 278. He said there was a kind of misconception here. The two to five is really not changed. In the existing law on page 4, Line 32, it says for subdivisions containing no more than four lots. Its actually the same, but just is said in a different way. Mr. Manley agreed with Mr. Reese on this point. Discussion followed.

Woody Reagen, representing Nevada County Recorder and Chief Deputy Recorder of Douglas County, testified next. Regarding the disclosure portion of the bill, Mr. Reagen said he would rather, as a possible purchaser, know if there were easements to the property. Page 6, Line 47, it says they will fasten the records. Mr. Reagen said most of them do this anyway. Senator Foote asked if this was the same section of the law that they had been discussing in Government Affairs Committee. Mr. Reagen said yes. Senator Foote said there should be a conflict notice on this bill then. Mr. Reagen said the change made in Government Affairs was that they were to be filed in a suitable place.

Page 7, Lines 1-2, Mr. Reagen would suggest this fee be changed to $5, the point being that the time to receive, enter into the fee book, cross index, photograph and provide storage places for those maps is worth more than $3.50.

At this time the opponents and the proponents of the bill discussed the portions of the bill to which they were not in agreement. The members of the committee asked questions, trying to clarify points of the bill. After quite a lengthy discussion, after which the two sides and the committee could not reach agreement, the following action was taken.

Senator Foote moved to appoint Senators Bryan and Sheerin as a subcommittee to work with the two parties to reach a compromise.
Senator Monroe seconded the motion.
The vote was unanimous with Senator Raggio absent.

There being no further business, the meeting was adjourned at 11:00 p.m.

Respectfully submitted:
Kristine Zohner
Kristine Zohner, Committee Secretary

APPROVED BY:

Senator Gene Echols, Committee Chairman

SENATE Commerce & Labor COMMITTEE Exhibit A

ROOM # 213
DAY Tuesday DATE April 22, 1975

NAME	ORGANIZATION	ADDRESS	PHONE NUMBER

*NOTE: PLEASE PRINT ALL THE INFORMATION CLEARLY.

Bob Erickson	State Lands		885-4363
CW Riggan	Nevada Recorders		883-1648
[illegible]	[illegible]	Bx 831 Elko	738-3191
Richard E. Smith	State Legislative Com.	Realtors	883-3500
Roy H. Shelby	Pres. Carson-Douglas-Tahoe Bd Realtors		882-5511
Ron Rudin	Director Laison Las Vegas Board of Realtors		870-6666
Ronn Reiss	Legis. Committee L.V. Board of Realtors		384-3904
James F. Hayes	Chairman Legislative Com. Las Vegas Board of Realtors		649-2338
W. H. Myers Jr.	Realtors	811 Ryland Reno	786-7677
W.E. Cozort	Reno Board of REALTORS	P.O. Box 1664	786-6020
[illegible] W. Smith	Realtor Reno	413 Hill St	786-4533
[illegible]	Realtor Reno	475 Hill St	323-1233
Dolly Baldwin	Realtor State Chapter #41, State Pres. of FLI	P.O. Box 1122	673-2222
Sue Milligan	Nev Assoc of Realtors	Reno	883-2771
Angus McLeod	Division of Real Estate	Carson	885-428[illegible]
Bob Broadbent	Nev Assoc Co. Comm.		882-2597
Roland Adams	Douglas County		782-5176
Bob Gardner	Douglas County		782-5176
John Hancock	Carson City		883-1800
[illegible]	Dept of Commerce		885-4250
R.E. [illegible]	D.E.D.		885-4322
[illegible]	First Western Sav		875-7[illegible]
Glen H. Chipman	Nevada State Fed Credit Union	2947 Lukens Ln. Carson City	882-4593

SENATE ______________________ COMMITTEE

ROOM # __________
DAY __________ DATE ______________________

*NOTE: PLEASE PRINT ALL THE INFORMATION CLEARLY.

NAME	ORGANIZATION	ADDRESS	PHONE NUMBER
Carl Oxman	- Frontier Gaming		
COLLINS E. BUTLER	- NEVADA SAVINGS + LOAN		
Alfred M. Woodgate	Nevada State Employees Federal Credit Union	Carson City P.O. Box 66	882-2060
JANE C KUNTZE	NEVADA STATE Employees FEDERAL CREDIT UNION	Box 66 CARSON City	882 2060
R.L. Russell	Nev. St. Employees Fed. Cr. Union	Box 66 Carson City	882-2060
W. J. VERLING	NAD HAWTHORNE FED CR UN	Hawthorne	945-2421
ROBT. A. KUENZLI		1160 MANOR DR	329-3827
P. F. LYNCH SR		512- BURNS	322-1391
Nicolaus R. Hawkins		St. Commerce Dept	
Lee Backus	Decatur Mtg & Loan		878-939
DON McNELLEY	McCulloch/Holly DEVELOPMENT CO.	P.O. Box 7054 RENO	786-2552

Exhibit B

Suggested Amendment to SB372

"Section 3. This section does not apply to interest rates charged by any bank, building and loan association or savings and loan association, mortgage company, credit unions, pension trust funds, purchase money mortgages or purchase money deeds of trust."

Exhibit C

THE NEVADA ECONOMIC DEVELOPMENT ASSISTANCE ACT

The purpose and intent is to inaugurate a financial stimulus and money source in the field of economic assistance for the development of the State of Nevada. The state is heavily dependent on tourism, entertainment and gaming, which are the state's main sources of taxable revenue and are the state's major employers. We all recall the recent problems of the gasoline shortage and recognize that it is our responsibility to assist in the intelligent diversification of business and employment to broaden the taxable base for the wellbeing of the people of this state.

This act will be an augmative to the present sources of regulated lending in the state. Loans will primarily be made to small business, small farmers and individuals unable to obtain funds from licensed lenders because of existing laws or loaning restrictions.

It is not the intent or purpose of this act to make loans of less than $2000; no unsecurred loans or wage assignments of any size is allowed.

This act is specifically tailored to meet the changing economic needs and stimulate the economic wellbeing of the state and its citizens. The act will be supervised by the Supt. of Banks with powers, controls and penalties closely allied with those found in the banking and savings and loan laws.

The act seeks to attract Nevada capital and local investors, and to make loans to benefit the citizens of this state. Investments, outside of carefully regulated and controlled loans, may only be made with Nevada banks, Nevada savings and loans or instrumentalites of the State of Nevada, cities or counties of the state, and to limit all other investments to those that would be "legal investments for savings banks" and to the federal government.

Offices to be opened must be authorized by the Supt. of Banks and supervision and regulation are in the absolute control of the Supt. of Banks. There is no out-of-pocket costs to the state government to regulate such companies as substantial annual license fees are collected, and supervision and auditing costs are paid into the general fund of the state for all such services. There is a filing fee of $250 and an annual license fee of $250 for each office. The company must file with the Supt. of Banks (1) a bond of $50,000 to guarantee that said companies will conform and abide by all the provisions of the act. The bond specifically provides that the licensee shall pay to the state and to any person all monies that become due or owing under the provisions of the act. (2) A $50,000 fidelity bond is required for fidelity coverage of each officer, director and employee. All bonds issued must be written by an insurer who has been aporoved by the Supt. of Banks.

The capital requirements shall be no less than $300,000 and requires an additional $25,000 for each branch authorized by the Supt. of Banks. The Supt. may permit Economic Development Assistance Act companies to operate a branch mobile offices to serve areas of less than 25,000 people, primarily in the rural and less populated areas of the state. It is anticipated that loan referrals shall be submitted by local banks, savings and loans, and federal agencies, such as the Small Business Administration.

All loans are regulated by the Supt. of Banks and allow for loans of $2000 to $5000 requiring equal repayments from 48 to 60 months. A simple interest rate of 1½% per month on the unpaid principal balance or $10 per annem add-on or discount is allowed - all approximating the same effective rate. These methods of computing interest are authorized because loans made to small business, property owners or farmers require flexible lending programs tailored as to time and method of business and seasonal operations. These rates do not exceed the legally authorized rate now permitted to be charged on credit cards in Nevada and is substantially less than that charge by other licensed lenders in this state (i.e. small loans,32% per annum and mortgage companies 27%). There is no charge unless a loan is actually made.

The company may collect fees and charges paid to others as set forth under the act which are basically the cost of recording, filing and other expenses actually incurred such as appraisal and title fees.

Loans may be made in excess of $5000, and like all other loans under the act, must be securred. Such loans in excess of $5000 are not limited to the Nevada statute rate. Such negotiated rates are based upon changing competitive money market conditions, and follow lending procedures of banks and savings and loan companies.

The capital formation of an Economic Development Assistance company will allow for the acceptance of thrift accounts from Nevada citizens, which augment the company's capital and surplus, to make money available to make loans as contemplated under this act. At the present time 27 states permit by law, the issuance of thrift accounts and include Utah, Colorado, California, Hawaii, Iowa, Ohio and Indiana to list a few. We are all aware of the credit crunch and the high prime rates of recent months and fully anticipate that money costs will fluctuate in the future as they have in the past. Funds required by larger corporations, consumer spending, government borrowings and the spiraling costs of inflation will influence the cost of money. With this strong possibility, this act would allow the free market place to set the competitive rates and terms of all obligations of more than $5000 in direct relationship to the actual costs of acquiring such loanable funds from Nevada banks and its citizens. If rates are not allowed to fluctuate in the free market place, in relationship to the money cost to the company, then the intent of this act will be defeated. There will be a scarsity of funds

available to lend. If the prime rate again returns to excess of 12%, which it may very easily do, it would be economically impossible to lend at the statutory state rate, considering the work and high expense involved in making loans in excess of $5000. Likewise, if interest rates rise, interest paid to Nevada thrift account holders will likewise be increased, as the company will be required to pay more for its loanable funds.

The act regulates the investments of such companies as to concentration of loans, collateral security and limits dollar amount of loans in any one loan based upon capital and surplus.

Some of the prohibited practices and penalties under the act...to list just a few:

1. The act specifically prevents any loan to be made to an officer, director or holder of more than 10% of stock of the company. If such a person directly or indirectly makes or helps to make such a loan, he is financially responsible, in addition to any other penalties provided by law.

2. Any loan or contract made in violation of the act shall be void and the lender have no right to collect any principal or charges whatever.

3. Any director, officer or employee who receives anything of value for making a loan, is guilty of a felony.

4. Any directing officer or employee who omits to make a full and true entry in its books and accounts or omits in making a material entry is guilty of a felony.

5. Officers, directors and employees who knowingly give false financial information to the Supt. of Banks or the general public is guilty of a felony.

The Economic Development Assistance Act has been reviewed by the Commerce Department of the State of Nevada, who shall regulate this act, and also regulates all other licensed lenders in the state.

By the passage of the Economic Development Assistance Act, the State of Nevada will be creating a licensed and regulated financial service not now operating in the state. It will not compete with small loan companies nor banks, savings and loan companies or other state licensed lender. It fills a vital economic need to stimulate the economic growth and development of this state and to make available lending and investment sources to its own citizens, now strongly attracted to other states, which have laws not now found in Nevada. This outside dependency would be corrected by the enactment of the Economic Development Assistance Act. It would truly create a law for the growth of Nevada by its own citizens and promote the economic development and wellbeing of all of the citizens of this state.

Exhibit D

ELMO J. DeRICCO, *Director*
DEPARTMENT OF CONSERVATION
AND NATURAL RESOURCES

STATE LAND REGISTER

ADDRESS REPLY TO
DIVISION OF STATE LANDS
NYE BUILDING
Telephone 885-4363

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STATE OF NEVADA

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

Division of State Lands

CARSON CITY, NEVADA 89701

April 22, 1975

M E M O R A N D U M

TO: Senator Gene Echols, Chairman
Senate Committee on Commerce and Labor

FROM: Nevada State Land Use Planning Agency

RE: Comments and Suggested Amendments to AB 375

The State Land Use Planning Agency was created under the basic philosophy that local planning matters should be managed at local levels of government. We therefore are interested in legislation which affects the ability of local governments to guide growth and development. The following amendments would improve the structure of the Bill, protect the consumer, and still give local governments the tools necessary to perform their planning functions.

Recommended Amendment

Page 3, line 44, insert , for which a plat map shall have been approved, after the words "division of land."

This amendment is important as a consumer protection measure and to allow some type of review by local government. During the past two years the so-called "40-acre loophole" in state law has caused many consumer and planning problems in Elko County and other parts of Nevada. Most purchasers of these 40 acre-plus parcels do not realize that factors such as legal access, utilities, and water availability make development of their property difficult, if not impossible. Likewise, local governments need to know of land division activities so that adherance to county requirements and ordinances is assured.

Recommended Amendment

Page 5, line 18, delete subdivision and insert land division.

This change is needed in order that NRS 278.500(2) is consistent with 278.500(1). The word subdivision is not appropriate in this portion of state law because of the change in definition from two to five or more parcels.

Recommended Amendment

Page 5, lines 27-28, delete NRS 278.500, 278.550, 278.590 and 278.630 and insert NRS 278.010 to 278.630 inclusive.

This amendment is vital if local governments are to retain any planning authority over this type of land division. This amendment is designed to allow local government review of plat maps for consistency with local master plans, zoning regulations, and other land use procedures and controls authorized in NRS Chapter 278. As AB 375 is now written, parcels could be created for which building permits could not be issued. Examples include parcels that lack road frontage, are too small to accomodate well and septic tank, or are inconsistent with zoning or other local ordinances.

Recommended Amendment

Page 7, line 23, insert or land divided after the words "the subdivision".

This change is needed in order that NRS 278.590(1) is internally consistent.

Exhibit E

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STATE OF NEVADA
DEPARMENT OF COMMERCE
REAL ESTATE DIVISION
ADMINISTRATIVE OFFICE
CARSON CITY, NEVADA 89701
(702) 885-4280

MIKE O'CALLAGHAN
GOVERNOR

MICHAEL L. MELNER
DIRECTOR
DEPARTMENT OF COMMERCE

ANGUS W. McLEOD
ADMINISTRATOR
REAL ESTATE DIVISION

April 21, 1975

Senator Eugene V. Echols
State Legislative Building
Carson City, Nevada 89701

Dear Senator Gene Echols:

It is my understanding that if certain amendments are made to SB 512 the bill may be able to get the approval of the Senate Commerce Committee. Accordingly, this letter itemizes the sections of SB 512 which the Division believes are necessary and it deletes all of the sections which received unfavorable comment by any committee member.

The following sections are to be retained in their entirety in the bill:

Sections 5, 6, 8, 11, 12, 14, 15, 16, 19, 20.

The following sections need changing:

Sec. 13, keep subsection 1, lines 38 through 48 entirely except on line 47 change the word "may" to "shall"

Subsection 1(c), lines 7 through 13, keep in its entirety.
Subsection 1(j), line 31, keep in its entirety.

Sec. 18, subsection 1(b), 2 and 3 are to be retained in their entirety.

Subsections 5 and 6 to be retained in their entirety except in subsection 6, line 41, change the language to "as provided in section 8".

Subsection 8 to be retained in its entirety except for the following:

Line 9, after the word "owning" delete "the" and add "50 percent or more of the".
Line 10 delete the word "entire".
Line 12 delete the words "owners of 10 percent of the land or".

Sec. 20 should be kept in its entirety except lines 47 and 48 should be changed to provide for the following sliding scale annual license fee:

35 to 100 lots -------- no fee.
101 lots to 250 lots -- $ 250.
251 lots to 750 lots -- $ 500.
Over 750 lots --------- $1000.

Delete line 49 entirely.

Sec. 21 keep in its entirety except subsection 6 which is to be totally deleted.

The following sections shall be deleted in their entirety:

Sections 1, 2, 3, 4, 7, 9, 10, 17, 22.

As stated earlier in this letter, all the objections of all the committee members have been deleted as follows:

Definitions of advertising,
Exemption application fees,
Renewal licenses for small developers,
Court remedies for violation of the chapter, and
Effective date upon passage and approval.

Sincerely,

Angus McLeod

Angus McLeod
Administrator

AMcL:mjs

Attachment

STATEMENT OF ASSEMBLYMAN DON MOODY
ON
AB 495
BEFORE SENATE COMMERCE COMMITTEE
APRIL 22, 1975

AB 495 is presented to the Commerce Committee for consideration to create a state system of chartering credit unions in the State of Nevada. AB 495 passed the Assembly by a 38 to 0 vote on April 11, 1975.

By passage of AB 495 Nevada will join 45 other states which allow credit union chartering under state government creating a dual chartering system.

Statutes in the State of Nevada grant the right for banks and saving and loan associations to charter under state government. AB 495 will add another segment of the financial community to this right.

Dual chartering is good for the environment of credit unions in that it provides for more modern laws to govern credit unions and gives the residents of the State of Nevada the right of choice as to government by the state or dictation by the federal government.

AB 495 also will create a central system for credit unions to interface to the changing times of electronic funds transfer and movement of funds. This will then allow the credit unions in the State of Nevada, both Federal and State chartered, to better serve their members.

Credit unions have existed in the State of Nevada since 1935. They have proven a benefit to the residents of the State of Nevada.

AB 495 as presented provides for the insurance of members' accounts in credit unions chartered under state law up to $40,000 similar to Federal Deposit Insurance for banks and Federal Savings and Loan Insurance for savings and loan associations.

Enactment of AB 495 assures to the residents of the State of Nevada more complete service and continued service from their credit unions. It will allow credit unions to continue to play an important role in the lives of our residents. It does not add cost to state government as AB 495 also provides for the establishment of fees for supervision and examination.

Attachment 2

STATEMENT OF GLEN A. REESE, MANAGING DIRECTOR
NEVADA CREDIT UNION LEAGUE, INC.
ON
AB 495
BEFORE SENATE COMMERCE COMMITTEE
APRIL 22, 1975

I am Glen A. Reese, Managing Director of the Nevada Credit Union League, Inc. the state association of credit unions for the State of Nevada. There are currently 62 credit unions in the State of Nevada with in excess of 90,000 members and more than $100,000,000 in assets. At year end 1974, those credit unions had loans outstanding to their members in excess of $82,000,000.

I began working with credit unions in 1961, having managed credit unions, served as a technical consultant for credit unions and manager of the state association of credit unions in Nevada and Idaho.

The Nevada Credit Union League, Inc., organized as a private corporation under the laws of the State of Nevada in 1969, serves as the state association of credit unions. We are responsible to those credit unions for consultation and implementation of modern programs for them to better serve their members, residents of the State of Nevada.

Credit unions have served the population of the United States since the early 1920's when the first state law was passed creating credit unions under state law. Nevada is one of five remaining states that does not offer its residents the right to choose its charter under state government.

Passage of AB 495 assures fair treatment of the residents of the State of Nevada to have their choice as to state government or federal government dictation on the operation of their credit union.

AB 495 is necessary for proper interfacing of the state's credit unions to such national programs as EFTS (Electronic Funds Transfer) through creation of a state central credit union.

AB 495 provides the right of existing credit unions to convert their charters to state if they so desire.

AB 495 contains provisions for safety in both bonding of officials and of issuance of members account by requiring participation in the National Credit Union Administration's program of insurance to $40,000. This insurance is the same as the insurance offered to customers of banks and savings and loan associations.

AB 495 provides for the most modern concepts of credit union operation. AB 495 was developed after a two year study of existing credit union laws both at the state level and at the federal level. Refinements to the model act so developed are incorporated in AB 495 to bring it into conformance with state statutes for the State of Nevada.

AB 495 allows credit unions to keep abreast of the modern concepts in business and assures for their continued service to their members and to the residents of the State of Nevada.

AB 495 will not bring added cost to state government since the Nevada Credit Union League has pledged its assistance to the Department of Commerce for implementation and developments required by the bill. Sections 27, 28, 30 and 90 set forth requirements of the state in administration of AB 495. Sections 29, 79 and 92 provide for fees and methods for the state to recover these costs by establishing the right of the Commissioner to regulate fees to be charged and allowing duties to be assigned to existing staff members.

AB 495 provides for those normal services to credit union members in the area of low cost loans and convenient means of thrift.

Your favorable response to AB 495 is earnestly requested so that credit unions in the State of Nevada may join with their fellow organizations throughout the United States in offering their members the most modern concepts of operation for the benefit of residents of the State of Nevada.

(REPRINTED WITH ADOPTED AMENDMENTS)
SECOND REPRINT **S. B. 372**

SENATE BILL NO. 372—COMMITTEE ON COMMERCE AND LABOR

MARCH 24, 1975

Referred to Committee on Commerce and Labor

SUMMARY—Exempts banks and certain loan associations from usury law. Fiscal Note: No. (BDR 8-1322)

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to interest rates; exempting banks, building and loan associations, savings and loan assocations and certain other lenders from the usury law; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. NRS 99.050 is hereby amended to read as follows:

99.050 1. Parties may agree, for the payment of any rate of interest on money due, or to become due, on any contract, [not exceeding, however,] *which does not exceed* the rate of 12 percent per annum. Any judgment rendered on any such contract shall conform thereto, and shall bear the interest agreed upon by the parties, and which shall be specified in the judgment; but only the amount of the original claim or demand shall draw interest after judgment.

2. Any agreement for a greater rate of interest than herein specified shall be null and void and of no effect as to such excessive rate of interest.

3. This section does not apply to interest rates:

(a) Charged by any bank, building and loan association, savings and loan association, mortgage company, credit union or pension trust fund lawfully doing business in this state;

(b) On any promissory note secured by a purchase money mortgage or purchase money deed of trust of real property located in this state, or any contract of sale of real property located in this state; and

(c) Charged by any lender for whom a special rate of interest is not otherwise provided by law.

SEC. 2. NRS 673.330 is hereby amended to read as follows:

673.330 Associations shall not charge for the privilege of prepayment in part or in full of any real property loan an amount greater than

A. B. 495

ASSEMBLY BILL NO. 495—ASSEMBLYMAN MOODY

MARCH 26, 1975

Referred to Committee on Commerce

SUMMARY—Enacts provisions regulating organization and operation of credit unions. Fiscal Note: No. (BDR 56-1126)

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to credit unions; defining terms; creating a credit union division in the department of commerce and vesting such division and the commissioner of credit unions with the powers to regulate the organization and operation of credit unions in the State of Nevada; providing procedure for formation and organization; establishing powers and duties of directors, officers and committees; establishing the requirements for membership; creating presumptions of beneficial ownership of deposits, interest and dividends; establishing powers of credit unions; permitting voluntary liquidation, merger or reorganization; providing for creation of a central credit union and establishing its powers; providing penalties and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. Title 56 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 2 to 89, inclusive, of this act.

SEC. 2. As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 3 to 25, inclusive, have the meanings ascribed to them in such sections.

SEC. 3. "Account" means a contract of deposit of funds between a member and a credit union and includes deposits, member or share accounts and other like arrangements regardless of whether they may be characterized as refundable capital investments.

SEC. 4. "Beneficiary" means any person to whom the deposits of an account are to be paid upon the occurrence of a specified condition.

SEC. 5. "Board" means the board of directors of a credit union formed pursuant to the provisions of this chapter.

SEC. 6. "Chairman" means the chairman of the board of a credit union.

SEC. 7. "Commissioner" means the commissioner of credit unions of the department of commerce.

A. B. 155

ASSEMBLY BILL NO. 155—COMMITTEE ON COMMERCE

JANUARY 30, 1975

Referred to Committee on Commerce

SUMMARY—Deletes provisions referring to members of mutual associations. Fiscal Note: No. (BDR 56-545)

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to savings and loan associations; deleting the provisions for members of mutual associations; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. NRS 673.070 is hereby amended to read as follows:

673.070 1. Building and loan associations and savings and loan associations and companies and joint-stock associations and companies and other associations and companies, except banks, trust companies, licensed brokers and credit unions, whose principal and primary business is to borrow, loan and invest money, and which issue [membership] shares or investment certificates, shall be incorporated under the provisions of this chapter. For that purpose all of the provisions of chapter 78 of NRS (Private Corporations) which are not in conflict with this chapter are hereby adopted as parts of this chapter, and all the rights, privileges and powers and all the duties and obligations of such domestic corporations and of the officers and stockholders thereof shall be as provided in chapter 78 of NRS except as otherwise provided in this chapter.

2. No person, firm, partnership, association or corporation except a savings and loan association incorporated under this chapter shall conduct or carry on the business of soliciting or advertising for the savings of shareholders, stockholders [, members] or investors and of loaning such savings. This subsection shall not apply to banks, trust companies, licensed brokers, credit unions and licensees under chapter 675 of NRS.

SEC. 2. NRS 673.207 is hereby amended to read as follows:

673.207 1. The business and affairs of every association shall be managed and controlled by a board of not less than five nor more than 15 directors, of which not more than a minority, but not more than three,