MINUTES

ASSEMBLY COMMERCE COMMITTEE

APRIL 6, 1977

MEMBERS PRESENT:

Chairman Harmon Vice Chairman Mello

Mr. Barengo

Mr. Demers

Mrs. Hayes

Mr. Moody

Mr. Price

Mr. Sena

Mr. Weise

GUESTS PRESENT:

George Flint, Nevada Wedding Chapel Association Robert Guinn, Motor Transport Association Barry Becker, Nevada State Home Builders Association Virgil Anderson, AAA Dick Rottman, Commissioner of Insurance Gene Leverty, Chief Deputy, Insurance Division Milos Terzich, American Life Insurance Association

Chairman Harmon called the meeting to order at 3:15 p.m., and stated that Mr. Barry Becker, Nevada State Home Builders, had a proposed amendment to A.B. 432. A copy of this amendment is attached as Exhibit 1.

Mr. Becker stated that last week the National Association of Home Builders sent out a bulletin notifying all the local associations that the FHA program which is called "Graduated Payment Mortgages" which they have been experimenting with for the past few years and have now gone to the United States Congress to implement, would actually only be able to be used in 18 states because of prohibitive state laws. Nevada is one of those 18 states.

Mr. Becker further said he has worked with the Attorney General and the Department of Commerce to draw up the amendment (Exhibit 1). If there is a possibility of this bill being rejected by the committee, Mr. Becker would like to amend out the entire body of the bill and substitute this amendment that would allow this type of mortgage to be issued in the State of Nevada. These mortgages defer interest in the first few years, years 1 to 5.

The deferred interest is then added to the principal. Therefore, during the first 5 years the principal increases rather than declining. This is a compounding interest situation and that is why it is illegal. It is designed so that younger people can purchase a home earlier, and as their income increases they will be able to pay the increased payments.

Mr. Demers asked if this would do anything to the state usury laws and Mr. Becker said it probably would. Mr. Demers further asked the percentage of interest. Mr. Becker said these loans are funded at whatever the market rate is at the time. This is FHA sponsored and limited to HUD financing.

Chairman Harmon said they wanted to obtain Mr. Barengo and Mr. Weise's opinion on this matter.

Senate Bill 217

Mr. Robert Guinn, Motor Transport Association, said this was really Senator Hilbrecht's bill, introduced on behalf of some small tow truck operators in Las Vegas who are having difficulty in getting insurance. Under the Safety Responsibility Act, if you are involved in an accident costing more than \$250, you must go before the Department of Motor Vehicles and show that you have insurance in the amount of \$15,000, \$30,000 and \$5,000, or there are some alternatives. One of the alternatives is in Section 485.380 which says if you have 25 or more vehicles you can qualify as a self-insured.

Senator Hilbrecht submitted the bill to permit having 10 or more vehicles. Mr. Guinn stated that Chairman Harmon has advised him that Senator Hilbrecht is now suggesting it be changed to 5 or more vehicles. Mr. Demers felt it should be amended to 5 or less to take care of the small operators.

COMMITTEE ACTION

Senate Bill 217: Mr. Demers moved that <u>S.B. 217</u> be amended at line 2 by taking "10" out and putting "5" in. Seconded by Mr. Sena and carried unanimously.

Mr. Demers moved Do Pass $\underline{S.B.}$ 217 as amended, seconded by Mr. Sena. Unanimously carried.

Chairman Harmon asked Mr. Barengo for a subcommittee report on A.B. 341. Mr. Barengo read the four amendments the subcommittee was recommending to the committee. A copy of these amendments is attached as Exhibit 2. Mr. Weise asked if there was anything to prevent the wedding chapels from requiring a deposit and was informed by Mr. Barengo that there was not. Mr. Weise

suggested eliminating the office of marriage commissioner and Mr. Barengo stated that there was a great deal of opposition to that from both Clark and Washoe Counties. There was discussion between Mr. Weise and Mr. Barengo on the problems that could arise on the first suggested amendment.

Mr. George Flint stated that on the first suggested amendment he could see there would be problems and it would be agreeable to him if it were eliminated. If amendments 2 and 3 regarding the soliciting factor are strong enough, it would be agreeable to the Wedding Chapel Association.

Chairman Harmon asked that Mr. Barengo have the proper amendments drafted so that they could be adopted by the committee.

Senate Bill 127

Mr. Virgil Anderson, Triple A, appeared in support of the bill and said that Mr. Gene Leverty of the Insurance Division could speak on the bill. Mr. Leverty said that basically the Guaranty Association pays claims when an insolvent insurance company goes under to make sure that people in Nevada are not injured by an insolvency. Mr. Leverty said the bill had been clarified to solve problems with the deductible clauses and law suits. There are also many drafter's changes throughout to clarify and make it comply with the way the legislature intended it to be.

Mr. Anderson called the committee's attention to the so-called "early warning system" on page 2. If there is indication that a company is going to go insolvent, a procedure is set forth in the bill that notice will be given to the other states of this pending insolvency as quickly as possible. Mr. Anderson said it would be in the interest of the Nevada motorists to pass S.B. 127.

COMMITTEE ACTION

Senate Bill 127: Mr. Price moved Do Pass. Seconded by Mrs. Hayes and carried unanimously with Mr. Harmon and Mr. Demers absent. Mr. Barengo then stated that he thought Chairman Harmon had some problems with S.B. 127.

Mr. Barengo moved to rescind the action whereby the committee passed S.B. 127. Seconded by Mr. Sena. All members present voted "aye" with the exception of Mr. Weise who voted "no".

Assembly Bill 490: Mrs. Hayes moved to Indefinitely Postpone, seconded by Mr. Sena. Motion carried, with Mr. Weise and Mr. Barengo voting "no".

Chairman Harmon stated that the committee had previously Indefinitely Postponed A.B. 344. The Insurance Commissioner has contacted

the chairman with amendments and asked that it be revived.

Mr. Barengo moved that the action taken by the committee whereby A.B. 344 was indefinitely postponed be rescinded. Mr. Sena seconded. Motion carried. Mr. Demers not present.

Mr. Dick Rottman, Insurance Commissioner, stated that he thought A.B. 344 was worthy of the committee's utmost consideration in its amended form, and the amendment was furnished to the committee to take care of what they earnestly thought were the objections to the original bill. Section 3 of the amendment indicates that this act will not apply to any hospital, medical or dental service corporation that holds a valid certificate of authority prior to July 1. The amendment would grandfather in the two existing associations that fall under this act now. The bill would then have an effect only on any future corporations started.

Mr. Rottman said that one of the overriding reasons for his bringing this to the committee's attention again is that Nevada really needs to find ways in which to either lower or stem the rise of health care costs in this state. He believes that this bill would open up the avenue for some additional corporations to be formed to provide medical services at lower cost.

Senate Bill 128

Mr. Frank Daykin, Legislative Counsel, made the following statement:

The United States Supreme Court held in a case Mr. Daykin: since the last session of the legislature that the requirement of United States citizenship could not be imposed as to certain professions and that it was purely the prerogative of Congress, under its control over immigration and naturalization, to say what aliens might work at ordinary occupations within the United So, we have gone through in this bill and taken the various professions where permanent residence or application for citizenship had been a requirement and substituted for that the uniform phrase, "A person who is a citizen of the United States or is lawfully entitled to remain and work in the United States." What this bill does, therefore, is bring the various professional and occupational statutes of the State into line with what the U. S. Supreme Court as a sitting constitutional convention, Mr. Chief Justice Burger described it, has said the Constitution of the United States requires.

COMMITTEE ACTION

<u>Senate Bill 128:</u> Mr. Mello moved Do Pass. Seconded by Mrs. Hayes. Motion carried. Messrs. Demers, Moody, Weise and Price absent.

Assembly Bill 448

Mr. Milos Terzich, American Life Insurance Association, submitted amendments to the bill. Mr. Gene Leverty, Deputy Commissioner of Insurance, stated that they had seen and approved the amendments proposed by Mr. Terzich. (Amendments Exhibit 3)

Mr. Leverty stated A.B. 448 provides interest be paid when a life insurance policy is not paid immediately upon death.

COMMITTEE ACTION

Assembly Bill 448: Mr. Barengo moved Do Pass as Amended, seconded by Mr. Sena. Motion carried. Messrs. Demers, Moody, Price and Weise absent.

Chairman Mello stated that Mr. Schofield had requested that A.B. 392 be buried. Mr. Barengo moved Indefinitely Postpone A.B. 392, seconded by Mr. Mello. Motion carried. Messrs. Demers, Moody, Price and Weise absent.

Assembly Bill 426: Mr. Mello moved Do Pass. Seconded by Mrs. Hayes. Motion carried. Messrs. Demers, Moody and Price absent.

Senate Bill 11

Senator Thomas R. C. Wilson appeared in support of this bill. It was introduced because of an ambiguity in that the present language did not really indicate to what the time period applied, when you were obliged to have the coverage and when you were not. <u>S.B. ll</u> is simply an attempt to give some definitions to the provisions.

COMMITTEE ACTION

Senate Bill 11: Mr. Mello moved Do Pass, seconded by Mr. Demers. Motion carried. Mr. Moody absent.

Assembly Bill 427: Mrs. Hayes moved Do Pass as Amended, seconded by Mr. Demers. Motion carried. Mr. Moody absent.

Assembly Bill 344: Mr. Weise moved the adoption of the amendments submitted by the Insurance Commissioner. Mr. Demers seconded. Motion carried.

Mr. Weise moved Do Pass as amended. Seconded by Mr. Demers. Motion carried.

Assembly Bill 428: Mr. Demers moved to adopt the amendments to A.B. 428. Mrs. Hayes seconded. Motion carried.

Mr. Demers moved Do Pass A.B. 428 as Amended. Seconded by Mr. Mello. Motion carried. Mr. Moody absent.

There was brief discussion on $\underline{A.B.~432}$. Mr. Weise desired time to study the bill.

The meeting was adjourned at 4:35 p.m.

Jane Dunne Assembly Attache Chapters 106 and 107 of the Nevada Revised Statutes shall be amended by adding thereto a new section, numbered respectively 106.300 and 107.110, to read as follows:

Notwithstanding any other provisions of the Nevada Revised Statutes, mortgage loans which are made by participants in the Graduated Payment Mortgage (GPM) Plan of the Experimental Financing Program, Section 245 of the National Housing Act, or any permanent program instituted as a result of said program, and insured under Sections 203(b) or 234(c) of that Act by an agency of the U. S. Department of Housing and Urban Development (HUD), are legal in this state.

Exhibit

Amendments A.B. 341 I Druke it unlangul for the M. E. & office to approach or onarry duy confles who leave had any prior Contact or arrangements with a commercial wedding Chapel. 2. Make any Soliciting for Marriages his defutie, or any of the englosses.

J'the Marriage Communication of fice. 3. Make any estiliting or steering for Commercial furpases on as about the alea of the County Marriage Lucinse Burand or and punolible as a Modoneaux 4. The Country shall operate the officer of Darring Theen Dureau and Civi Mannag Comminione as sequents office or dept,
of the County Acquial staff, cash registers etc.) EXLIBIT 2

AMENDMENTS TO A.B. 448

Submitted by Milos Terzich on behalf of American Life Insurance Association.

Amend Section 1 by deleting Lines 3 through 8 and inserting the following language:

Each insurer which transacts life insurance business in this state shall pay the proceeds due under a policy of life insurance within 30 days after the date of death of the insured. If the proceeds are not paid within the 30 day period, the insurer shall pay interest upon the proceeds from the date of the insured's death until paid, at a rate not less than the then current rate of interest on death proceeds left on deposit with the insurer.

Amend Section 2 by deleting Lines 9 through 11 and inserting the following language:

Section 1 of this act does not apply to policies issued prior to July 1, 1977, which contain specific provisions to the contrary.

Exhibit 3

COMMERCE COMMITTEE LEGISLATIVE ACTION

DATE April	6, 1977					
PODOECI	. 428					
MOTION: Do	Pass as Amen	ded				
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Mello Barengo	X_		****	***************************************		
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Hayes	_ <u>X</u> _					
Moody	<u>x</u> Not P	resent	 -		· · · · · · · · · · · · · · · · · · ·	
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SUBJECT A.B.	427			
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AMENDMENT				
	Moved by	Seco	nded by	
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Barengo Demers	<u>x</u> <u>x</u> <u>x</u>			
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SUBJECT S.B. 11						
MOTION:						
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SUBJECT	A.B. 392				
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COMMERCE COMMITTEE LEGISLATIVE ACTION

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SUBJECT _	A.B. 392			
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COMMERCE COMMITTEE LEGISLATIVE ACTION

DATE April 6,	1977
SUBJECT A.B.	448
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	Minutes April 6 1977

DATE <u>April 6, 1977</u>	
SUBJECT S.B. 12	3
MOTION:	
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DATE	April 6, 197	7					
SUBJECT	A.B.	344	· · · · ·				
MOTION:	To re	scind the	344 was	n taken by Indefinit Postpone	tely Post	poned.	
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		Moved	by		Seconded	by	
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SUBJECT _	A.B.	490					
MOTION:		., .,					
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COMMERCE COMMITTEE LEGISLATIVE ACTION

DATE April 6, 1977						
SUBJECT S	.B. 217					
MOTION: A	mend and Do	o Pass				
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