

Members present:

Chairman Jeffrey
Vice Chairman Robinson
Assemblyman Bremner
Assemblyman Chaney
Assemblyman Horn

Assemblyman Sena
Assemblyman FitzPatrick
Assemblyman Rusk
Assemblyman Tanner
Assemblyman Weise

Members excused:

Assemblyman Bennett

Guests present: See attached list

Chairman Jeffrey called the meeting to order at 3:00 p.m. He announced the purpose of the meeting would be to hear the following bills: AB 23, AB 45, AB 64, and SB 7. He submitted to the secretary the roll call ballots regarding committee introduction of AB 163 and BDR 53-865* which are attached and marked Exhibits A and B, and incorporated herein by reference.

Chairman Jeffrey stated the first bill to be heard would be AB 45, and the proponents would be first to speak:

AB 45: Assembly Doug Webb of District 32, sponsor of the bill, was first to speak. He stated that the sales of travel trailers, motor homes, mobile homes and automobiles sometimes overlap and that he felt that this bill would help mainly the small dealers who occasionally take in a vehicle type which is outside the limits of their license. He stated that the bill would, in effect, allow the small dealers double licensing and double bonding on one license to enable them to make these occasional retail sales of vehicles which had been taken in trade. In answer to a question by Mr. Robinson, Mr. Webb stated that this was keyed to dealers who take in trade-ins outside their primary license category. In answer to a question by Mr. Horn, he said that a small number of dealers would probably be effected and that the cost of bonding was a significant factor as some of the small dealers could not come up with the additional cost of securing the second bond without paying a 20-25% premium, \$2,000 to \$2,500, and allowing this bill to pass would help alleviate this burden. He also stated that the cost of licensing and bonding for the original license was approximately \$400-450 as compared to the above figures for the second license. Mr Webb's final comments regarded franchise letters which will be discussed in more detail later by other speakers.

No other proponents asked to speak. The opponents were next to speak.

Mr. Daryl Capurro, representing Nevada Franchised Auto Dealers Association, New Car Dealers, stated that he felt this

bill strikes at the very heart of the franchise system itself and he was not sure that the provisions of the bill were centered on consumer interest or protection. He stated further that there are current provisions in the law which allow a licensed used car dealer to sell a used vehicle or to register a new vehicle to himself and then resell it as a used vehicle. With this new proposed bill he felt this was a 180° change from the existing law. He stated that the new car dealers operated under a franchise system with the manufacturer of the cars sold and a copy of the franchise letter issued by the manufacturer is on file with the DMV stating that they are authorized representatives and often specifies not only that but also level of parts inventory, facility layout and other items, all to the benefit and protection of the consumer. He stated that the DMV keeps very close records and makes sure that the provisions of those letters are carried out by the dealerships and that the warranty work is done and that it is done well. He stated that he felt one of the main reasons that franchising a dealer is so important is so that when a persons buys a new car he knows he can expect that warranty work will be done in a facility and under conditions that protect that customer. He said that he doubted that the used car dealers would have the facilities or be able to carry on the level of warranty and preparatory work necessary to keep up with the requirements of protecting a new car buyer. He felt that the manufactures would not be in favor of this type of legislation, though he could not, of course, speak for them. He also pointed out that hypothetically, it would be possible for a couple of used car dealers in a small town to be able to undermine the sales of a franchised dealer due to the market available in such an area. He also brought out the fact that since motor and mobile homes dealers are regulated by one agency and automobiles are regulated through another agency, it might be very difficult to effectively administrate a bill such as this which deals with various classes of vehicles lumped together, and that it might create more problems that it would solve. He said that he felt it was an injustice to the people who have made huge capital investments in dealerships and multiple bonding requirements to give the latitude proposed in this bill to dealers in one classification who do not have the facilities or ability to serve the consumers properly.

In answer to questions from Mr. Robinson, Mr. Rusk, Mr. Weise and Mr. Tanner in discussing the related problems in this area, Mr. Capurro stated that used car dealers and other non-franchised new car dealers could come into possession of new units by receiving a drop shipment to their lot, of a car or cars which were purchased from an out-of-state dealer. Then they could register them in tne dealer's name and they would have no actual miles on them, but they technically would be used because they had been registered. This practice would enable these dealers to have up to six "new" cars on their lot to be sold. Once these cars are sold and need to have warranty work done, they would most likely be taken to a franchised new car dealer

for warranty work and service. He stated that though the franchised dealers do do the work, they put the work on these cars at the lowest priority. He also pointed out that when some of these cars are held on the used car or mobile home lot for a period of time before they are ultimately sold, this effects the warranty coverage on most cars and that often there has to be an application made so that the remaining warranty period can be transferred to the new owner and that this being done is dependent on many factors, one of which being the individual business practices of each of the dealers.

Next to speak in opposition to this bill was Mr. Ben Scott, Scott Motor Co., Reno, who stated that he wished to make two points for the committee. First, that the bonding requirements have been made stringent by previous legislation due to the the titling problems for these types of mobile assets and the need to keep accurate track of these vehicles, and that this bill would subvert that purpose. Secondly, this could spawn so-called "desk drawer dealers" who could sell six vehicles to dealers all over the country, yet he would have no preparatory or service facilities for these vehicles if they needed service under the warranty or because of a factory recall and this service burden would ultimately be shifted to the franchise dealers who had never received any profits from these types of sales.

Mr. Dick Van, Reno Toyota and Western Mazda, next to speak, addressed questions asked by Mr. Rusk and Mr. Weise by saying that regarding the warranty period lost in some of these sales, it depended entirely on the make of the car as to whether or not sometime would be lost on the warranty coverage, but that there was usually some time lost. He said that whether or not this bill should help to alleviate the burden of these small dealers losing money when taking in trade-ins, he felt that it was the responsibility of each businessman to know his trade well enough to judge how much a traded vehicle was worth.

The next person to testify was John Ciardelli, Nevada State Department of Motor Vehicles. He pointed out that a \$10,000 bond posted would not go too far. He said that it might possibly cover problems with one or two cars, but it wouldn't even come close, in today's market, to providing protection to the consumer on one motor or mobile home. He also stated that currently he thought a bill was being drafted that would take even the titling authority for mobile homes away from his department and place that responsibility with the Mobile Home Division and they would have an extreme problem with this bill because of that jurisdictional authority. There were no questions, and this concluded the testimony on AB 45.

Mr. Rusk moved for an indefinite postponement on AB 45, the motion was seconded by Mr. Weise and carried unanimously.

AB 23: Mr. Banner, sponsor of this bill, explained to the committee the reason for its introduction. He told about a shipment of books which he had received unsolicited from ARCO and the subsequent billings, and correspondence from a computer which he received after notifying them that he was deducting the amount billed for the books and wanted to know what to do with them, since he did not want them. He said that as the problem progressed and complexed, he tried numerous times to write and call the company regarding the problem, but without success. He stated that during the period of time this was being done, his wife applied to Sears for a credit card and was notified by Sears that they could not issue her a credit card because there was a problem with their credit rating, evidently connected with ARCO. He wrote to the Las Vegas Credit Bureau cleared the matter, got the card, and he assumed that the problem was solved, until he began getting threatening letters from Credit Services Group concerning this same matter which was signed by someone who, apparently, was non-existent. He tried to call the person whose signature appeared on the letter and finally got in contact with a representative of that firm, however not the person who had signed the letter, and told them that he had not been placing calls half-way across the country lightly and wanted to get this straightened out with someone.

He then said that after sending these people a copy of the Nevada statutes which cover unsolicited merchandise being considered a gift, he received a statement from ARCO showing that the material had been returned and a credit issued for the amount in question, when, in fact, he had never even opened the material not to mention the fact that he still had it at his home.

Mr. Banner then said that he felt this kind of action by a company such as ARCO was a form of blackmail and that there should be some legislation enacted so that someone who had to go through this kind of harrassment would have some recourse for recovery of at least the costs of straightening out the problem, even if it was through a claim in small claims court. He said he might have been able to do so, but the current law didn't make it clear enough.

He pointed out that he didn't feel this was just happening to him, and he brought up an article in the Review-Journal where the exact same thing had happened to another person who had turned the matter over to Action Line for investigation. He had also heard, after the bill had been introduced, from a man in Minden who had been the recipient of a silver dollar, unsolicited, through the mail, for which he was asked to pay \$15 and which was accompanied by a letter stating that this was not to be considered a gift. Mr. Banner stated he felt this was grossly unfair because if the average citizen was not aware of the provisions in the law relating to "gift merchandise" they would be very intimidated by this kind thing and might run into the same kind of credit foul up. He said he felt too that the

public should have recourse for the anguish and inconvenience that this sort of practice breeds.

The members of the committee discussed this problem and known examples of this type of practice at length and it was the general consensus of the committee that there should be some amendment made to the bill to strengthen it and provide for penalties for companies who do this when it leads to the damage of a person's credit rating. Chairman Jeffrey stated that he would work with Mr. Banner in formulating some amendments to the bill and that it would be rescheduled after the amendments were finished. That concluded discussion on AB 23.

AB 64: Assemblyman Sue Wagner addressed the committee as sponsor of this bill and stated that she introduced the bill at the request of one of her constituents, Dr. Tom Standlee who is a dermatologist. She asked that Russ McDonald, representing the Nevada State Board of Pharmacy, address the committee with her. She then read a letter from Dr. Standlee outlining the need for the bill and a copy of the letter is attached as Exhibit C and incorporated herein.

Mrs. Wagner then stated that she had discussed the bill with Mr. McDonald and that he felt there should be some amendments made to the bill to clarify its intent and that he would be meeting with the Board on Thursday afternoon and that he would discuss it with them and then return with their proposed amendments. There was a short discussion by the committee and then Chairman Jeffrey stated that this bill would be held over until those amendments were drafted and then the bill would be rescheduled. That concluded discussion on AB 64.

SB 7: Chairman Jeffrey stated that this was a housekeeping bill and that he felt that someone from Mr. Daykin's office should be asked to explain it to the committee and action would be held on the bill, until the next scheduled meeting, for that reason.

There being no further business to come before the committee, Mr. Robinson moved that the meeting be adjourned, Mr. Bremner seconded the motion, and it carried. Chairman Jeffrey adjourned the meeting at 4:11.

Respectfully submitted,

Linda D. Chandler
Linda D. Chandler
Secretary

ASSEMBLY COMMERCE COMMITTEE

ROLL CALL:

Hearing date: 1-24, 1979

CHAIRMAN JEFFREY
VICE CHAIRMAN ROBINSON
MR. BENNETT
MR. BREMNER
MR. CHANEY
MR. HORN
MR. SENA
MR. FITZPATRICK
MR. RUSK
MR. TANNER
MR. WEISE

| Present | Absent | Excused |
|---------|--------|---------|
| x | | |
| x | | |
| excused | | |
| x | | |
| x | | |
| x | | |
| x | | |
| x | | |
| x | | |
| x | | |

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

| | NAME (Please print) | REPRESENTING (organization) | WISH TO SPEAK | |
|---|------------------------|--|---------------|-----|
| | | | Yes | No. |
| ① | Stouy Wickh | Asm List 32 | X | |
| ⑥ | Banner | Asm | X | |
| ② | DARYL CAPURRO | NEVADA FRANCHISED AUTO DEALERS ASSOC. | X | |
| | W. Wert | VICE PRES & GEN MGR Motor RENO INTERNATIONAL | X | |
| ③ | Ben Scott | SCOTT Motor Co | X | |
| ④ | DICK VAN | RENO TOYOTA & WESTERN MAZDA | X | |
| | BUTCH LYNN | SIERRA LINCOLN MERCURY | X | |
| | JAMES CASHMAN III | CASHMAN CADILLAC | X | |
| ⑤ | JOHN CASHMAN | dept of motor vehicles | X | |
| | JOYCE CASHMAN | CLARK COUNTY LIBRARY DISTRICT | | X |
| | Sylvia H. Haddock | " " " " | | X |
| | BETTY ANDRUS | " " " " | | X |
| | Linda Redd Culliver | " " " " | | X |
| | Carol Tanner | myself | | X |
| ⑦ | She Wagner | MR. Tego Latimer AB 64 | X | |
| | Don W. Briggs | MYSELF | | X |
| | RICHARD PUGH | NEV. STATE MED. ASSN | X | |
| ⑧ | Russell McAnis | NEV. STATE BOARD OF PHARMACY | X | |
| | Pete Kelley | NEVADA RETAIL ASSN | | X |
| | Stouy Wilson | myself | | X |
| | Fred Jones | GREATER RENO SPARKS & FC | | X |
| | James Cashman | CASHMAN CADILLAC | | X |

ASSEMBLY ROLL CALL

SIXTIETH SESSION, 1979

AB 163

| NAMES | Yea | Nay | Absent | Not Voting | Excused | NAMES | Yea | Nay | Absent | Not Voting | Excused |
|-------------------|-----|-----|--------|------------|---------|----------------|-----|-----|--------|------------|---------|
| Mr. BANNER | | | | | | Mr. MARVEL | | | | | |
| Mr. BARENGO | | | | | | Mr. MELLO | | | | | |
| Mr. BEDROSIAN | | | | | | Mr. POLISH | | | | | |
| Mr. BENNETT ✓ | X | | | | | Mr. PRENGAMAN | | | | | |
| Mr. BERGEVIN | | | | | | Mr. PRICE | | | | | |
| Mr. BRADY | | | | | | Mr. RHOADS | | | | | |
| Mr. BREMNER | X | | | | | Mr. ROBINSON ↗ | X | | | | |
| Mrs. CAVNAR | | | | | | Mr. RUSK | X | | | | |
| Mr. CHANEY ✓ | X | | | | | Mr. SENA ✓ | X | | | | |
| Mr. DULTER | | | | | | Mr. STEWART | | | | | |
| Mr. CRADDOCK | | | | | | Mr. TANNER ✓ | X | | | | |
| Mr. DINI | | | | | | Mr. VERGIELS | | | | | |
| Mr. FIELDING | | | | | | Mrs. WAGNER | | | | | |
| Mr. FITZPATRICK ✓ | X | | | | | Mr. WEBB | | | | | |
| Mr. GETTO | | | | | | Mr. WEISE | X | | | | |
| Mr. GLOVER | | | | | | Mrs. WESTALL | | | | | |
| Mr. HARMON | | | | | | Mr. SPEAKER | | | | | |
| Mrs. HAYES | | | | | | Affirmative | | | | | |
| Mr. HICKEY | | | | | | Negative | | | | | |
| Mr. HORN | | | | | | Absent | | | | | |
| Mr. JEFFREY ✓ | X | | | | | Not Voting | | | | | |
| Mr. MALONE | | | | | | Excused | | | | | |
| Mr. MANN | | | | | | | | | | | |

A Form 18 (Roll Call)

848
Revised 15

EXHIBIT "A"

ASSEMBLY ROLL CALL

SIXTIETH SESSION, 1979

1-24-79
Committee
Intro
BDR
53-86

| NAMES | Yes | Nay | Absent | Not Voting | Excused | NAMES | Yes | Nay | Absent | Not Voting | Excused |
|-----------------|-----|-----|--------|------------|---------|---------------|-----|-----|--------|------------|---------|
| Mr. BANNER | | | | | | Mr. MARVEL | | | | | |
| Mr. BARENGO | | | | | | Mr. MELLO | | | | | |
| Mr. BEDROSIAN | | | | | | Mr. POLISH | | | | | |
| Mr. BENNETT | ✓ | | | | | Mr. PRENGAMAN | | | | | |
| Mr. BERGEVIN | | | | | | Mr. PRICE | | | | | |
| Mr. BRADY | ✓ | | | | | Mr. RHOADS | | | | | |
| Mr. BREMNER | ✓ | | | | | Mr. ROBINSON | ✓ | | | | |
| Mrs. CAVNAR | ✓ | | | | | Mr. RUSE | ✓ | | | | |
| Mr. CHANEY | | | | | | Mr. SENA | ✓ | | | | |
| Mr. COULTER | | | | | | Mr. STEWART | | | | | |
| Mr. CRADDOCK | | | | | | Mr. TANNER | ✓ | | | | |
| Mr. DINI | | | | | | Mr. VERGIELS | | | | | |
| Mr. FIELDING | | | | | | Mrs. WAGNER | | | | | |
| Mr. FITZPATRICK | ✓ | | | | | Mr. WEBB | | | | | |
| Mr. GETTO | | | | | | Mr. WEISE | ✓ | | | | |
| Mr. GLOVER | | | | | | Mrs. WESTALL | | | | | |
| Mr. HARMON | | | | | | Mr. SPEAKER | | | | | |
| Mrs. HAYES | | | | | | Affirmative | | | | | |
| Mr. HICKEY | | | | | | Negative | | | | | |
| Mr. HORN | ✓ | | | | | Absent | | | | | |
| Mr. JEFFREY | ✓ | | | | | Not Voting | | | | | |
| Mr. MALONE | | | | | | Excused | | | | | |
| Mr. MANN | | | | | | | | | | | |

A Form 18 (Roll Call)

EXHIBIT "B"

848
Revised 19

Honorable Jack Jeffrey
Chairman
Assembly Commerce Committee
Legislative Building
Carson City, Nevada 89710

Dear Mr. Jeffrey:

As a practicing dermatologist, the use of topical ointments, creams and lotions for the treatment of skin diseases is more common in my field than most other specialties.

I can find no contra-indications to the use of alcohol in conjunction with the use of any topical medicaments. Alcohol would not potentiate side-effects with any preparation I use in my practice.

I have had two incidences in the past two years of patients who failed to treat pre-cancerous conditions adequately because of this label.

I urge you to vote "Do Pass" on AB 64.

Sincerely,

TOM STANDLEE, M.D.
Reno, Nevada