

The meeting was called to order at 4:00 p.m. in Room 213. Vice Chairman Blakemore was in the Chair. Let the record show there was not a quorum present, but the Committee did take testimony.

PRESENT: Senator Richard E. Blakemore, Vice Chairman
Senator Don Ashworth
Senator Clifford E. McCorkle
Senator Melvin D. Close
Senator C. Clifton Young
Senator William H. Hernstadt

ABSENT: Senator Thomas R.C. Wilson, Chairman

OTHERS: Assemblyman Mike Fitzpatrick
PRESENT: Assemblyman Marion Bennett
Assemblyman John Marvel
Assemblyman Virgil Getto
Russ Pike, First Federal Savings, Reno
Jim Joyce, Nevada Savings & Loan Association
Arturo Cambeiro, State Board of Architecture
George Pinski, Nevada Surplus Line Association
Louis T. Mastos, Louis T. Mastos & Associates, and
Nevada Surplus Line Association
Bill Thomason, Nevada Independent Insurance Agents
Dick Garrod, Farmers Insurance Group
Don Heath, State Insurance Commissioner
Jim Wadhams, Director, Dept. of Commerce
Milos Terzich, American Council of Life Insurance
Deborah L. Shelter, Virginia Foot Hills Property Owners Assoc.
Bob Schouweiler, Attorney, State Board of Cosmetology

AB 814 Broadens authority for deposit of public money
in savings and loan associations

Assemblyman John Marvel, and Russ Pike, of First Federal Savings, Reno, testified in favor of the bill.

They said Article I, section 9, related to the lending of public credit to an institution by virtue of membership. Mr. Pike said the bill would modify it to provide deposits may be made through a state insured savings and loan association, which is a mutual association; thereby permitting deposits. The mutual association must show the state is not a member by virtue of deposits. Since First Federal Savings is the only mutual association in the state of Nevada, this bill would provide that as long as they comply with the provisions, they too would be allowed to receive public funds.

Senator Young asked Mr. Pike how a mutual association differs from other associations. Mr. Pike said that the difference is, a mutual association is not a stock company.

(AB 814 - continued)

Jim Joyce, representing the Savings and Loan League of Nevada, testified next. He said that, although the bill was introduced by First Federal Savings representatives to make them equal with the six other charter institutions in Nevada, the Savings and Loan League was in support of the bill.

Vice Chairman Blakemore closed the public hearing on AB 814.

Senator Ashworth wanted the record to show that he took no part in the discussion.

AB 420 Makes various changes to law relating to cosmetology.

Bob Schouweiler, attorney representing the State Board of Cosmetology, testified that the primary purpose of the bill is to raise the fees and cost of examination and licensing of applicants to the profession of cosmetology. Mr. Schouweiler said the only change worth noting in the bill was in the last section; wherein the board is requesting they be allowed to license people in the field for a period of two years instead of the previous one.

Senator Blakemore asked Mr. Schouweiler to explain the change which occurs in line 22, page 5.

Mr. Schouweiler said that applies in the case of a lapse of a license or the retiring of a person of a license. Its purpose is to provide that if a person's license has lapsed over a period of 24 months, or a person has been retired for the same amount of time, they will be required to be reexamined in order to have their license reinstated. He said that, under the present law, a person may allow his license to lapse for many years, and all that is necessary to have the license reinstated is to pay the delinquent fees. Mr. Schouweiler said the board feels if someone is not in active practice for a number of years, they could be out of touch with the newest methods and techniques in the business.

Senator Young asked Mr. Schouweiler if the practice of cosmetology was so difficult that being out of it for two years would affect one's ability to do an efficient job. Mr. Schouweiler answered that in certain areas, such as dying hair, new techniques are being discovered all the time; it is a very innovative field.

Senator Ashworth asked how many licensed cosmetologists there are in the state of Nevada. Mr. Schouweiler said that there are approximately 5,000.

Senator Young said he felt the law was like a penalty for not paying dues; because the only way to retire was by not paying the dues, thereby allowing the license to lapse. Mr. Schouweiler said the penalty is rather minimal; the fee for the examination very small.

Vice Chairman Blakemore closed public hearing on AB 420.

AB 833 Makes various changes in law relating to practice of architecture and residential design.

Arturo Cambeiro, secretary-treasurer, Nevada State Board of Architecture, testified that the board unanimously supports the bill. He said it was primarily intended for "house keeping" purposes. It increases the budget, which they feel is outdated. It raises the fee the board may charge for examinations. Mr. Cambeiro noted one important change in the statute, line 49, page 2. He said that under current law, the board cannot refuse an application unless the applicant does not meet the qualifications. The provision on line 49, page 2, provides that the board can deny an application if the applicant has violated any provisions of the chapter. Under the present law, even if an applicant designed a building that fell down in another state, he couldn't be denied a license if he met the other qualifications.

Senator Ashworth asked Mr. Cambeiro why subsection 4, page 2, was deleted. Mr. Cambeiro replied it wasn't deleted. just moved, to subsection 5, on page 3.

Senator Ashworth said that when the section was on page 2, it meant that it was against the law to give his seal to plans that were not his. When the section was moved to page 3, it was no longer illegal, but was just grounds for revocation of the license.

Senator Young asked Mr. Cambeiro how many architects and residential designers there are in Nevada. Mr. Cambeiro answered there are 790 active architects, 120 of whom live in the state; and 30 residential designers.

Senator Close asked if the board renews licenses annually. Mr. Cambeiro said yes.

The Committee suggested changing to biannual licensing. Mr. Cambeiro agreed that was a good idea so licensing was changed to biannual and the yearly fee doubled.

Senator Young asked Mr. Cambeiro the main reason for introducing this bill. Mr. Cambeiro replied that one reason was to raise fees; the other was they felt line 49 on page 2 was vital to the board.

Senator Ashworth felt the bill was a good idea; but he wanted subsection 4 on page 2 left in, and subsection 5 on page 3 deleted. He said that under subsection 2 on page 3, anyone who was found guilty of deceit or fraud could be subject to revocation of their license, so subsection 5 on page 3 was not needed.

Vice Chairman closed public hearing on AB 833.

AB 826 Makes assorted amendments to the Nevada Insurance Code.

George Pinski, representing Clifton and Company, Insurance Brokers, testified on this bill, saying he had no reason to challenge it until an amendment was added by the Assembly. The amendment is

(AB 826 - continued)

the brackets on lines 8 through 13, on page 3; which eliminates surplus line companies from the bill. He said that surplus line companies provide excess liability coverages that aren't available elsewhere.

Louis T. Mastos, representing Louis T. Mastos Associates, concurred with Mr. Pinski's testimony regarding the deletion.

Mr. Pinski commented that the bill provides for a volunteer agency to come under governmental control.

Bill Thomason, chairman of the legislative committee for the Nevada Independent Insurance Agents, said that his group also opposes the deletion of lines 8 through 13 on page 3. He commented that the deletion would remove the function currently performed by the Surplus Lines Association of Nevada and give it to the Insurance Commissioner who has neither the funding nor staff to handle the added work load.

Jim Wadhams, Director, Department of Commerce, and Don Heath, Commissioner of Insurance testified on the bill also.

Mr. Heath said that as commissioner he can, in effect, do the same thing that the deletion of lines 8 through 13 would do. It's discretionary under the commission as to whether there is a voluntary organization or not. He felt that it was a question of whether the Committee wanted to define it by regulation or statute. Mr. Heath said he had not been approached as to whether the organization should continue or not.

The Committee felt it was odd there was no mention of the section in the bill or the first reprint, and it suddenly appeared in the second reprint.

Mr. Heath said one possible reason could be that there were some insurance brokers that had some concerns about that section, but he didn't know what their concerns were.

Senator Young expressed reluctance to change the statute; because no one testified in favor of the deletion, and he could see no reason for it.

Mr. Wadhams commented that he thought that one or more of the members of the Surplus Lines Association felt the association was not doing the job it was intended to do, and perhaps that was the genesis of the amendment. Mr. Wadhams said that everyone agreed that the first three sections of the bill were very good.

Senator Ashworth asked how Mr. Wadhams felt about section 4. Mr. Wadhams replied that the responsibility for regulating the insurance industry was the commissioner's. Whether the legislature abolishes the association or not, they still leave the power to do so with the commissioner.

Vice Chairman Blakemore closed public hearing on AB 826.

AB 594 Requires group health insurance policies to include conversion provisions.

Assemblymen Marion Bennett and Mike Fitzpatrick testified in support of this bill.

Assemblyman Bennett said the bill is designed to help people who are not capable of helping themselves. He said about 85 to 90 percent of the insurance companies in Nevada already have provisions for conversion in their policies. But it is the 10 percent that he is concerned about. He said that the bill allows a person who works for a company and retires or changes his place of employment, to have their group policy converted to individual, with him paying the rates.

Assemblyman Fitzpatrick said that in most cases when a person changes jobs, he has from a 30 to 90 day wait until his new place of employment picks up his policy. This bill would provide that he could convert his policy and pay the rates until he was once again insured. If the company did not want to convert the policy, it had the option of keeping the person on their group policy for up to 6 months. The law only applies if the person has been employed for 6 months or more, and has not been fired.

Milos Terzich, representing the American Council of Life Insurance, testified that he has no objection to the bill.

Dick Garrod, representing the Farmers' Insurance Group, testified that his insurance agency does not provide for any independent health and accident policies at all. He said they do have a small participation in writing group policies in the state. He said if his group is required to write individual policies for conversion, they would not be able to do so, and would not write any more group policies.

Vice Chairman Blakemore closed public hearing on AB 594.

AB 723 Increases certain fees collected by the commissioner of insurance.

Don Heath said the purpose of the bill is to raise fees in order to meet costs.

Mr. Wadhams said the Commerce Department estimated for the money committee the amount of fee raises that would be necessary to make the agencies self-sufficient.

Senator Close came in at 5:05 p.m., and the Committee was now a quorum.

Vice Chairman Blakemore closed the hearings on AB 723.

AB 17 Extends jurisdiction of public service commission over certain water companies.

(AB 17 - continued)

Assemblyman Virgil Getto, District 37, testified that the problem this bill is trying to address is small water companies who begin servicing only a few connections, and come under no regulation. Then they grow larger and larger, and they have to raise the rates or they go bankrupt; and the Public Service Commission has a large group of people who are without water. This bill will require that any water company who services less than 1,200 people, or earns in rates \$150,000 or less, will have to come before the Public Service Commission for rate hearings.

Assemblyman Getto said the bill provides for simplified hearings and regulations for the small companies. He said that if a water company is serving less than 25 people, or earns less than \$11,000 and was organized before the bill becomes law, it will be exempt. If a water company forms after the bill goes into effect, there are no exemptions.

Senator Close pointed out, that under this bill, a person who only gives water to one neighbor, would have to go before the Public Service Commission for rate hearings.

Senator Ashworth commented that he gets his water from a small company that serves only 26 people, who are all stockholders in the company. He felt that having to go before the commission for rate hearings would be unfair and a bother because they've never had any problems.

Assemblyman Getto suggested that stock companies should be excluded.

Senator Blakemore stated that sewer companies come under the Public Service Commission if they gross more than \$11,000 or serve more than 25 people.

Senator Hernstadt came in at 5:10 p.m.

Debbie Shelter, representing the Virginia Foothills Property Owners' Association, testified in support of the bill. She said that the PSC is ineffective in the way they are handling small water companies because the companies come under their jurisdiction long after they're in trouble. She said the PSC needs to be looking after them from the onset.

Senator Young said that the problem is in defining a small water company. He felt that there was no justification in putting controls and regulations on companies that serve 3 or 4 homes.

Ms. Shelter replied that water companies that are now serving 6,000 homes started out serving only one.

Senator Young felt that there should be some exclusions. He felt that companies only serving 2 or 3 homes should not be subject to the regulations.

(AB 17 - continued)

Assemblyman Getto suggested that they drop the entry level to 12, instead of 25. He felt that when somebody is servicing 25 people, the company will probably expand.

Vice Chairman Blakemore closed public hearing on AB 17.

The Committee then discussed amendments from the Assembly to bills which they had already discussed in Committee.

SB 388 The Committee concurred with the amendments.

Senators Wilson and Ashworth absent.

SB 491 The Committee concurred with the amendments.

Senators Wilson and Ashworth absent.

The Committee recessed at 5:20 p.m.

The Committee reconvened at 5:30 p.m. with Vice Chairman Blakemore in the Chair.

SB 234 Amendment 947 The Committee concurred with the amendment.

SB 173 Amendment 1134 The Committee did not concur with the amendment.

SB 233 Amendment 946 The Committee concurred with the amendment.

Senators Wilson and Ashworth were absent for the preceding three actions also.

Bill Action:

Senator McCorkle moved to pass AB 723 out of Committee with a "Do Pass" recommendation.

Seconded by Senator Young.

Motion carried.

Senators Wilson, Ashworth and Hernstadt absent.

Senator Young moved to pass AB 594 out of Committee with a "Do Pass" recommendation.

Seconded by Senator Close.

Motion carried.

Senators Wilson, Ashworth and Hernstadt absent.

(Bill Action - continued)

Senator Young moved to pass AB 814 out of Committee with a "Do Pass" recommendation.

Seconded by Senator Close.

Motion carried.

Senators Wilson, Ashworth, and Hernstadt absent.

On AB 826, the Committee agreed to delete section 6.

Senator Young moved to pass AB 826 out of Committee with an "Amend and Do Pass" recommendation.

Seconded by Senator Close.

Motion carried.

Senators Wilson, Ashworth and Hernstadt absent.

Chairman Wilson came in at 6:30 p.m.

The Committee agreed to delete the new language on lines 21 and 22, page 2, AB 17.

Senator Close moved to pass AB 17 out of Committee with an "Amend and Do Pass" recommendation.

Seconded by Senator Young.

Motion carried.

Senators Ashworth and Hernstadt absent.

No further business. Vice Chairman Blakemore adjourned the meeting at 6:45 p.m.

Minutes of the Nevada State Legislature

Senate Committee on.....

Date:.....

Page:.....

RESPECTFULLY SUBMITTED

Betty L. Kalicki
Betty L. Kalicki, Secretary

APPROVED:

Thomas R. C. Wilson, Chairman



GUEST LIST

DATE: May 23, 1979

| NAME | AGENCY OR ORGANIZATION |
|--------------------|--|
| BOSS PIKE | FIRST FEDERAL BANKING, NEW |
| JIM JOYCE | NEV. Savings & Loan Trust |
| ARTURO CAMBEIRO | NEV. STATE BOARD OF ARCHITECTURE |
| GEORGE PINSKI | NEV. SURPLUS LINE ASSOCIATION |
| LOUIS T. MASTOS | LOUIS T. MASTOS & ASSOC. & Surplus Lines Group |
| Bill Thomas | Nevada Independent Ins Agents |
| Don Heath | INSURANCE |
| Jim Wadhams | COMMERCE |
| ✓ MIKE FITZPATRICK | ASSEMBLYMAN |
| ✓ MARION BENNETT | ASSEMBLYMAN |
| MILOS TERZICH | A.C.T. |
| Richard R. Gannon | Farmers Ins Group |
| ✓ Debraud Shellen | Virginia Ft. Hill Property Owners Assn. |
| ✓ Bob ... | ... |
| ✓ ... | ... |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |