

The meeting was called to order at 8:00 a.m. Senator Close was in the Chair.

PRESENT: Senator Close
Senator Hernstadt
Senator Don Ashworth
Senator Dodge
Senator Ford
Senator Raggio
Senator Sloan

ABSENT: None

The following measure was unanimously approved for Committee introduction. Senators Hernstadt and Raggio were absent from the vote.

BDR 13-1531 An act relating to guardianships adding circumstances under which non-residents may serve as guardians, changing certain notice requirements providing for sales of certain personal property of a ward. (SB 379)

SB 262 Specifies certain rights and liabilities of lessor and lessee upon termination or expiration of lease of motor vehicle.

For testimony and further discussion, see the minutes of the meeting for March 9, 1979.

The Committee reviewed the proposed amendments. See attached Exhibit A.

Senator Close stated that he believed "motor vehicle" was otherwise defined in the NRS. He had checked with Frank Daykin, Legislative Counsel, regarding these definitions but Mr. Daykin had not yet indicated whether or not they were acceptable.

Senator Dodge questioned the use of "bailment". It was his opinion that bailment pertained to the parking garage situation wherein possession of the property was turned over to someone but the title was retained by the owner.

Senator Close concurred and stated that he would check into it.

734-1

Senator Close further stated that it was his understanding that the term "notwithstanding any provision to the contrary in the vehicle lease" was to be deleted. It was his opinion that if the method of determining the value of the property at the end of the lease had been agreed upon in writing, that that should control.

It was the decision of the Committee to delete that.

Senator Sloan stated that his notes indicated that the Committee had decided to delete "or otherwise dispose of" in that no one could think of how you could otherwise dispose of a vehicle.

He also stated that he believed the Committee had decided on a mandatory requirement that would credit the high bid to the lessee.

The Committee concurred in those comments.

Senator Close asked how the value of the vehicle could be determined by re-leasing it to another individual.

Senator Dodge suggested that that could be done by using the lease value to a subsequent lessee.

He proposed the following methods for determining the value at the end of the lease:

1) solicit bids; 2) sale value; or 3) the lease value to a subsequent lessee.

The Committee agreed to that proposal, however, Senator Close stated that he would check with a leasing institution to make sure that it would be workable.

Senator Close stated that he believed the language on line 11 "or if he has otherwise disposed of the motor vehicle in conformity with reasonable commercial practices among dealers in the type of vehicle disposed of" was too broad.

Senator Dodge stated that that language was from the Uniform Commercial Code and should be left in unless the Committee wished to delete it from the UCC also.

Senator Close stated that the intent of the Committee was to insure that the lessee receives the highest possible price for the vehicle without burdening the lessor to the point that he cannot reasonably carry out his business.

In regard to the bidding procedure, Senator Sloan suggested allowing the lessee to submit a bid after the value of the vehicle has been established, as well as prior to that time.

Senator Raggio stated that that assumes that they will have to disclose the value of the vehicle to the lessee. If the lessee made the high bid, any deficiency on his part at the termination of the lease would be based on that bid.

He suggested that if the lessee is given the right to bid after the value is established, that bid should be accompanied by a tender offer.

Senate Committee on.....

Date: March 27, 1979Page: 3

Senator Sloan questioned the practicality of that procedure. He stated that most individuals, when buying a car, must obtain a loan from their bank or credit union. Banks and credit unions do not loan money on the "chance" that the person can buy the car.

He reiterated the fact that the lessor is not required to sell the vehicle to the lessee.

He suggested allowing the lessee to come forward with the money within some reasonable time period.

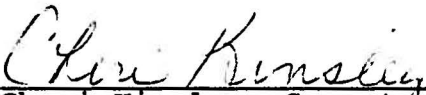
It was the consensus of the Committee to follow that procedure.

Senator Close stated that he would have the bill re-drafted for a final review.

No action was taken at this time.

There being no further business, the meeting was adjourned.

Respectfully submitted,


Cheri Kinsley, Secretary

APPROVED:

Senator Melvin D. Close, Jr., Chairman

734-3

PROPOSED AMENDMENTS TO SENATE BILL 262

Amend the Bill by:

1. Strike subparagraph 1 of section 2 and insert:

1. "Vehicle" means every device in, upon or by which any person or property is or may be transported upon a public highway, except devices:

(a) Moved by human power;

(b) Used exclusively upon stationary rails or tracks; or

(c) Having a gross weight of more than 10,000 pounds, exclusive of the weight of any slide-in NRS 482.113 which may be on it.

2. Strike subparagraph 2 of section 2 and insert:

2. "Person" means an individual, partnership, joint venture, corporation, association, or any other group however organized and includes any governmental entity.

3. Strike subparagraph 3, section 2 and insert:

3. "open-end Vehicle Lease" means a bailment or lease of a vehicle by a person for more than four months where the lessee's obligation upon lease termination or expiration is based on the excess of the unamortized capitalized cost of the vehicle over its value as established in accordance with section 3 hereof. The term includes a contract where the lessee becomes or may become owner of the vehicle by payment to the lessor of an amount which is substantially equal to the unamortized capitalized cost, provided that the payment is not nominal.

4. Strike subparagraph 1 of section 3 and substitute:

1. Where subsequent to lease termination or expiration the lessee and lessor do not agree in writing on the value of the vehicle, the lessor may for the purpose of establishing value and thereby the lessee's obligation:

(a) Obtain bids; or

(b) Sell, lease or otherwise dispose of the vehicle.

5. Strike the word "motor" on page 2 in lines 4, 9, 10, 12, 16, 18 and 29.

6. Strike subparagraph 3 of section 5 and insert:

3. The term does not include a bailment of lease of goods where the lessee becomes or may become the owner of the goods by payment to the lessor of an amount which is substantially equal to the unamortized capitalized cost, provided that the payment is not nominal.

7. Add a new section:

Sec. 7. This Act shall apply to all open-end vehicle leases terminating or expiring after its effective date.

Note: Change term "vehicle lease" to "open-end vehicle lease" wherever found in the bill.