

MEMBERS PRESENT: Mr. Bennett
 Mr. Bremner
 Mr. Chaney
 Mr. Dini
 Mr. DuBois
 Mr. Jeffrey (Late - excused)
 Mr. Kovacs
 Mr. Prengaman
 Mr. Rusk
 Mr. Robinson

MEMBERS ABSENT: Mr. Brady (Excused)

GUESTS PRESENT: See attached guest list

Chairman Robinson called the meeting to order at 2:08 p.m. in Room 200 of the Legislative Building.

A motion was made by Mr. Kovacs to approve the minutes of the meetings for March 4th, 5th, and 9th as submitted. The motion was seconded by Mr. Chaney and passed with a unanimous vote of the members present.

Chairman Robinson referred to a request for a bill draft submitted to the Committee by Assemblyman Jane Ham to return the Surplus Lines Association to NRS 685A.210, which had been amended out in the 60th session by A.B. 826, Sec. 4, page 3, lines 10 through 15. Dr. Robinson indicated that he had asked Mr. Bremner and Mr. Kovacs, both of whom are associated with the insurance business, to look into the matter. Upon their recommendations, Dr. Robinson stated that he would entertain a motion to not have the Committee request a bill draft.

The motion not to request a bill draft and Committee introduction was made by Mr. Bremner and seconded by Mr. Kovacs. There being no discussion on the matter, the Committee passed the motion with a unanimous vote of the members present with Mr. Brady and Mr. Jeffrey recorded as absent.

Chairman Robinson moved the meeting to open the hearing on S.B.127.

S.B. 127: Changes form of installment loans.

There were no witnesses to testify either for or against the bill, so the Chair closed the hearing.

The next bill for discussion was A.B. 236.

A.B. 236: Requires seller of prepaid funeral service contracts to pay interest on money prepaid.

There were no proponents for A.B. 236, so the Chair called the the opponents to testify.

Speaking in opposition to A.B. 236 was H.E. Burton, with Palm Mortuaries and Memorial Parks. Mr. Burton indicated that prior to 1971 there was no preneed funeral law of any kind. Preneed funeral sales made previous to that time were regulated by the Insurance Division of the Commerce Department. "In 1969, I and several others formulated a completely new cemetery act and preneed funeral trust law," stated Mr. Burton. The result of the new act was Chapter 689, which was enacted by the 1971 legislature. This chapter, remarked Mr. Burton, permits the "freezing" of the cost of the funeral at contract prices while maintaining the safeguards for the consumer.

Mr. Burton commented that A.B. 236 would completely destroy the framework for preneed funerals and would not permit the funeral home to freeze costs. Mr. Burton indicated that over 25,000 people have taken advantage of preneed plans since the law's inception and urged that the Committee vote a "Do Not Pass on this proposed bill, 236."

Dr. Robinson asked if the earnings of the trust funds established by the funeral homes under preneed plans were kept in the trust fund or if they could be diverted by the owners of the funeral homes for operating expenses. Mr. Burton responded that each funeral home selling preneed funerals was bonded for \$50,000 to insure conformance, but that some of the money in the accounts could be used ahead of time, which enabled the establishments to freeze costs. He added that the funds, by law, were invested in institutions of Nevada and the books were audited every three years by the insurance department. In the event that a funeral home would fail to perform the insurance division would "take it over," Mr. Burton noted.

Mr. Bennett stated that he had personally experienced problems with preneed plans where the person purchasing the plan died out of the state. Mr. Burton explained how a preneed plan worked under such circumstances and indicated that he could not understand how any problems could possibly arise.

Dr. Robinson said that he could attest to the proper procedures carried out under preneed plans and related a personal experience

that he had encountered with such a plan.

There being no further testimony concerning A.B. 209, Chairman Robinson moved the hearing A.B. 242.

A.B. 242: Raises limit on individual residential loans of savings and loan associations.

Testifying as a proponent of A.B. 242, was Mr. George Folsom, Vice-president of Savings and Loan League of Nevada and President of Family Savings and Loan Association. Mr. Folsom indicated that the Savings and Loan League was requesting that the 2 percent limitation for any one nonresidential loan be removed from NRS 673.276 and replaced with a 5 percent figure as found in NRS 673.3271. Mr. Folsom stated that the 2 percent figure was too low and restricted savings and loan associations in making commercial loans. Mr. Folsom then read the portion of NRS 637.3271 which referred to the 5 percent limitation. He remarked that the 2 percent limitation was especially burdensome to smaller savings and loan companies

Dr. Robinson stated that savings and loan companies were not prohibited from entering into joint venture loans as long as their portion of the venture did not exceed the 2 percent limitation. Mr. Folsom responded that that was correct; however, that the associations would prefer to make their own loans without having to go out and find participants

Also speaking as a proponent of A.B. 242 was Mr. Norman Okada, Acting Savings and Loan Commissioner. Mr. Okada stated that he felt 2 percent was very low and recommended the limitation be raised to 5 percent saying that the higher figure, "would still provide adequate checks and balances." He commented that the 2 percent limitation was resulting in the Commissioner of Savings Associations making business decisions for the particular savings and loan associations.

Dr. Robinson asked Mr. Okada whether any savings and loan associations in Nevada had ever failed due to making loans over 2 percent. Mr. Okada indicated that there had not been any that had failed "strictly for that purpose." He added that none had failed in Nevada and that he had no knowledge of any that had "because of of that limitation."

Mr. Kovacs asked what would happen if the cap was completely removed. Mr. Okada indicated that a situation might arise where a particular savings and loan association would invest 20 or 30 percent in one specific venture and if the property should go into litigation, a significant amount of the funds of that association might be tied up as "nonearning assets." He also said that the possibility of a significant amount of the principal being lost could result, which could possibly impair the capital and throw the association into a receivership or liquidation situation.

Mr. DuBois asked how the 2 percent limitation compared to other states. Mr. Okada stated that he did not know what the limitations were in other states, but that with regard to federal guidelines, the smallest limitation was 2½ percent and 5 percent for nonresidential.

Mr. Rusk asked Mr. Okada what would happen if First National Bank made a single loan in excess of one hundred million dollars. Mr. Okada responded, "They have loans for a hundred million right now." Mr. Rusk remarked that in such cases the bank would be in excess of the existing law.

Mr. Joe Sevigny interceded by saying that First National Bank was a national association to which the state law does not apply. He added that a state bank could charge up to 25 percent of its capital to one borrower and a national bank was subject to a 10 percent limitation. He indicated that he felt the 2 percent limitation on savings and loan companies was too low.

When questioned by Mr. Rusk if he would suggest increasing the limitation in excess of 5 percent, Mr. Sevigny responded that the industry should set its own cap. Mr. Folsom interjected that 5 percent was "comfortable."

Mr. Okada added that thrift companies in Nevada had a 15 percent limitation, which was significantly more liberal with fewer safeguards placed on these types of companies.

There being no further testimony on A.B. 242, Dr. Robinson reopened the hearing on S.B. 127.

S.B. 127: Changes form of installment loans.

Mr. Joe Midmore, representing the Nevada Consumer Finance Assoc., said that the bill drafter had decided to revise the whole chapter of NRS 675 because, "He didn't like the way the chapter was written." Mr. Midmore remarked that a number of individuals have gone over the rewritten chapter and, "They all agree there are no substantive changes whatsoever; it's truly pure housekeeping, a rearrangement, a rewrite of what is already in the law and no changes that do anything except make it easier for a bill drafter in the future to revise this chapter." He urged a Do Pass of the bill.

Mr. Joe Sevigny commented that he had no objections to the bill.

Dr. Robinson stated that he would entertain a motion for the disposition of A.B. 209. Mr. Dini made a motion to Do Pass A.B. 209. The motion was seconded by Mr. Prengaman and passed unanimously with no discussion and Mr. Brady recorded as absent. (SEE LEGISLATION FORM ATTACHED.) Dr. Robinson indicated that he thought Mr. Banner would handle the floor work on the bill.

A motion was made by Mr. Dini do Indefinitely Postpone A.B. 236. The motion was seconded by Mr. Rusk and passed with a unanimous

vote of the members present with Mr. Brady recorded as absent.
(SEE ATTACHED LEGISLATION ACTION FORM.)

A motion was then made by Mr. Bennett to Do Pass A.B. 242. The motion was seconded by Mr. DuBois and passed with a unanimous vote with Mr. Brady again being recorded as absent. (SEE ATTACHED LEGISLATION ACTION FORM.) Dr. Robinson asked Mr. DuBois to handle the floor work for A.B. 242.

Mr. Rusk made a motion to Do Pass S.B. 127 with a second from Mr. Dini and a unanimous vote of the members present with Mr. Brady recorded as absent. Mr. Rusk was asked to do the floor work for the bill by the Chairman. (SEE ATTACHED LEGISLATION ACTION FORM.)

There being no further business, the meeting was adjourned at 2:39 p.m.

Respectfully submitted,



Evelyn Edwards
Committee Secretary

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE March 12, 1981

SUBJECT A.B. 209: Requires any excess insurance or reinsurance for self-insured employers to be written by Nevada carriers.

MOTION:

Do Pass [X] Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved By Mr. Dini Seconded By Mr. Prengaman

AMENDMENT:

Moved By _____ Seconded By _____

AMENDMENT:

Moved By _____ Seconded By _____

Table with columns: VOTE, MOTION (Yes/No), AMEND (Yes/No), AMEND (Yes/No). Rows include names like BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON and a TALLY row showing 10 Yes and 0 No.

ORIGINAL MOTION: Passed [X] Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes March 12, 1981

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE March 12, 1981

SUBJECT A.B. 236: Requires seller of prepaid funeral service contracts to pay interest on money prepaid.

MOTION:

Do Pass Amend Indefinitely Postpone X Reconsider

Moved By Mr. Dini Seconded By Mr. Rusk

AMENDMENT:

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: MOTION (Yes, No), AMEND (Yes, No), AMEND (Yes, No). Rows include VOTE: BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, and TALLY: 10, 0.

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

Attached to Minutes March 12, 1981

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE March 12, 1981

SUBJECT A.B. 242: Raises limit on individual residential loans of savings and loan associations.

MOTION:

Do Pass X Amend Indefinitely Postpone Reconsider

Moved By Mr. Bennett Seconded By DuBois

AMENDMENT:

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: VOTE, MOTION (Yes/No), AMEND (Yes/No), AMEND (Yes/No). Rows include names like BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON and a TALLY row showing 10 Yes and 0 No.

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

Attached to Minutes

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE March 12, 1981

SUBJECT S.B. 127: Changes form of installment loans.

MOTION:

Do Pass X Amend Indefinitely Postpone Reconsider

Moved By Mr. Rusk Seconded By Mr. Dini

AMENDMENT:

Moved By Seconded By

AMENDMENT:

Moved By Seconded By

Table with columns: MOTION (Yes, No), AMEND (Yes, No), AMEND (Yes, No). Rows include VOTE: BENNETT, BRADY, BREMNER, CHANEY, DINI, DUBOIS, JEFFREY, KOVACS, PRENGAMAN, RUSK, ROBINSON, and TALLY: 10, 0.

ORIGINAL MOTION: Passed X Defeated Withdrawn

AMENDED & PASSED AMENDED & DEFEATED

AMENDED & PASSED AMENDED & DEFEATED

Attached to Minutes March 12, 1981