

MINUTES OF THE  
MEETING OF THE SENATE COMMITTEE  
ON COMMERCE AND LABOR

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
February 25, 1981

The Senate Committee on Commerce and Labor was called to order by Chairman Thomas R. C. Wilson, at 1:30 p.m., Wednesday, February 25, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Thomas R. C. Wilson, Chairman  
Senator Richard Blakemore, Vice Chairman  
Senator Melvin Close  
Senator Don Ashworth  
Senator William Raggio  
Senator William Hernstadt  
Senator Clifford McCorkle

STAFF MEMBER PRESENT:

Betty Steele, Committee Secretary

Chairman Wilson stated Senator Jean Ford and Mr. Keith McDonald, representing the medical care unit of the state welfare division, were appearing before the committee at his request to address the matter of allowing skilled nursing facilities to return certain unit dose drugs, which are packaged by the manufacturer, and to allow them to be reissued under certain language in the law. It was requested that the Board of Pharmacy have the power to issue rules and regulations to allow additional drugs to be handled if those drugs met certain packaging criteria. Mr. Fran Breen, counsel for the Board of Pharmacy, indicated the law was written per recommendation two years ago; but the wording is unclear and needs clarification.

Senator Ford asked for a new bill to be drafted, containing the new recommendations with a full hearing to follow, or that some other measure be taken to clear up the matter. Chairman Wilson pointed out there are two ways to handle the problem; either to have a bill drawn or have a hearing to take suggestions on the

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development of the bill, with a bill drafter in attendance to discuss each of the points. Senator Hernstadt suggested that Senator Ford and Mr. McDonald meet with a bill drafter on behalf of the committee to draw up a new bill, utilizing the language suggested by Mr. Breen.

Senator Ford pointed out the big issue is not in an amendment but rather in an interpretation of the current law as to whether the Board of Pharmacy needs to adopt rules and regulations, or just to give their consent to the present interpretation of the law, so that pharmacists can continue without any additional rules.

Chairman Wilson and the other members of the committee held a short discussion and then asked Senator Ford to submit the information she brought, to Mr. Frank Daykin, legislative counsel. He could then consider it a committee bill so that it could be returned to the committee for consideration, prior to the public hearing. Mr. Daykin agreed.

SENATE BILL NO. 127

Mr. Daykin testified on Senate Bill No. 127, which changes the form of regulations of installment loans. He stated that sections 1 through 9 represent a reorganization or rewrite and not a substantive change of the bracketed language commencing on page 4, line 49, through page 8, line 10. Mr. Joe Midmore, representing Nevada Consumer Finance Association, commented that a brief bill had been requested last session but turned out to be lengthy; and the changes requested this session are to simplify the wording and abbreviate the bill.

SENATE BILL NO. 45

This bill empowers local governments to regulate community antenna television companies.

Senator Don Ashworth, representing Senator Virgil Getto, presented Senate Bill No. 45. He explained the bill came from the interim study committee and seemed to be representative of the Fallon area. Mr. Richard Romine, manager of the Cablevision firm in Fallon and Yerington, stated the bill was the result of hearings by the Legislative Commission's Interim Subcommittee (ACR 22) on the Public Service Commission. Mr. Romine explained the inequities visited on smaller communities and cable television companies due to the cost of obtaining certificates of compliance from the public service commission. He said the solution to the problem was to return franchising to the communities served by the cable television company.

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Senator Raggio stated the bill would apply to all cable television operations in the state of Nevada, not only to the Fallon area. He asked how the regulation of cable television services differed from telephone services insofar as the public service commission was concerned. Mr. Romine suggested the user of cable television services would be better served if the responsibility for regulation was at the local level.

SENATE BILL NO. 122

Removes conflicting statutory references to certain former powers of the Nevada industrial commission.

Mr. Joe Nusbaum, chairman of the Nevada industrial commission, appeared in opposition to Senate Bill No. 122. Mr. Nusbaum pointed out that Assembly Bill No. 117 (See Exhibit C.) was passed this session to correct items overlooked in Assembly Bill No. 84 (1979 session). Mr. Nusbaum's opinion was that Senate Bill No. 122 assumed, (as Assembly Bill No. 84 did) that there was no need for any authority to conduct hearings; because it takes the next step by removing from the commission the authority needed to conduct hearings, which is a further complication of the situation created by Assembly Bill No. 84. Mr. Nusbaum further suggested if Senate Bill No. 122 were to proceed, it would be appropriate to include the provisions contained in Assembly Bill No. 117. (See Exhibit D for Mr. Nusbaum's verbatim remarks.)

SENATE BILL NO. 141

Provides that a physician or osteopathic physician may supervise each other's assistant.

Dr. William Edwards, chief of community health services for the Nevada state health division, explained there is a consortium which supplies physicians and physicians' assistants, in the counties of Nye, Mineral and Lincoln; and this bill was perceived as a need by that consortium. The problem is the cost of flying doctors into those counties, at a cost of approximately \$1,200.00 per month, to supervise their respective categories of physicians' assistants. Dr. Edwards stated this bill would legalize the practice of cross-supervision to the great advantage of the outlying areas in the health care category. In response to Senator McCorkle's question of lesser requirements, Dr. Edwards said there would be none.

Ms. Edwina Prior, member of the Nevada board of medical examiners, spoke in opposition to Senate Bill No. 141. (See Exhibit E for Ms. Prior's verbatim testimony.)

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Ms. Prior pointed out, under the present law, physicians must consult with their assistants by telephone at least once a day; and once per week must go to the office to review all the cases with their assistants.

Senator Raggio indicated Senate Bill No. 141, as written, appeared to have all necessary protection built in and it seemed specific to the areas in greatest need of such assistance. Senator Blakemore emphasized the present system has many complications and does not work to the betterment of health care in the rural areas. Senator Hernstadt reminded the committee and the other persons present, that the urban areas attract the more talented and desirable physicians in general. This is a real problem which can be dealt with, when considering removal of the obstacles in the law.

Mr. Joe Midmore, representing the Nevada state board of pharmacy, stated the board takes no stand for or against the proposed legislation. However, he pointed out they feel the board of pharmacy should be included in the decision-making process.

Mr. Richard Pugh, executive director of the Nevada state medical association, stated the association was concerned with the mixing of the two professions. He said only two or three osteopathic physicians had elected to join the state medical association.

Senator Raggio pointed out processing Senate Bill No. 141 would not force anyone to do anything but rather would enable filling the needs which exist in particular situations where the persons involved wish to utilize the capability of cross-supervision of physicians' assistants.

SENATE BILL NO. 231

Changes various provisions of law governing physical therapists and their assistants.

Chairman Wilson called for testimony on Senate Bill No. 231. When no one stepped forward to testify, the committee decided to defer hearing the bill until it could be ascertained if the physical therapy board of examiners wished to testify.

SENATE BILL NO. 141 (See Exhibit F.)

Senator Hernstadt moved Do Pass Senate Bill No. 141.

Senator Blakemore seconded the motion.

The motion carried. (Senator Ashworth voted "No".)

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SENATE BILL NO. 127 (See Exhibit G.)

Senator Raggio moved Do Pass Senate Bill No. 127.

Senator Blakemore seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 122

Senator Blakemore moved to hold Senate Bill No. 122  
until the arrival of Assembly Bill No. 117.

Senator McCorkle seconded the motion.

The motion carried unanimously.

SENATE BILL NO. 45

Discussion was held regarding the fact of insufficient testimony on this bill. It was the decision of the committee that Senate Bill No. 45 should be rescheduled at a later date (March 9) for further testimony and information.

There being no further business, the meeting was adjourned by Chairman Wilson at 2:45 p.m.

Respectfully submitted by:

  
Betty Steele, Committee Secretary

APPROVED BY:

  
Senator Thomas R. C. Wilson, Chairman

DATE: \_\_\_\_\_

EXHIBITS, FEBRUARY 25 MEETING

Exhibit A is the Meeting Agenda.

Exhibit B is the Attendance Roster.

Exhibit C is Assembly Bill No. 117.

Exhibit D is verbatim testimony of Mr. Nusbaum, on  
Senate Bill No. 122.

Exhibit E is verbatim testimony of Ms. Prior on  
Senate Bill No. 141.

Exhibit F is Senate Bill No. 141.

Exhibit G is Senate Bill No. 127.

SENATE AGENDA

EXHIBIT A

COMMITTEE MEETINGS

Committee on Commerce and Labor, Room 213.

Day Wednesday, Date February 25, Time 1:30 p.m.

BDR 9-853--Prohibits acceleration of debt upon sale or transfer of real property. (for committee introduction)

S.B. No. 45--Empowers local governments to regulate community antenna television companies.

S.B. No. 122--Removes conflicting statutory references to certain former powers of Nevada Industrial Commission.

S.B. No. 127--Changes form of regulation of installment loans.

S.B. No. 141--Provides that physician or osteopathic physician may supervise each other's assistant.

S.B. No. 231--Changes various provisions of law governing physical therapists and their assistants.

SENATE COMMITTEE ON

*Commerce & Labor*

EXHIBIT B

DATE: *2/25/81*

PLEASE PRINT	PLEASE PRINT	PLEASE PRINT	PLEASE PRINT
NAME	ORGANIZATION & ADDRESS	TELEPHONE	
<i>Bob Pearson</i>	<i>Teleprompter 985 Katze Res</i>	<i>329-9731</i>	
<i>Edwin Prior</i>	<i>Nev. Board Med Examiners</i>	<i>826-4959</i>	
<i>Richard G. Pugh</i>	<i>NEVADA State Medical Assn.</i>	<i>825-6788</i>	
<i>Joe Midmore</i>	<i>Nev. Consumer Finance Assoc</i>	<i>882-1990</i>	
<i>J.M. Vonger</i>	<i>Self-Motivated <sup>FOR</sup> <del>Station</del> - ed-</i>	<i>— 0 —</i>	
<i>Ross Culbertson</i>	<i>COMMUNITY CABLE T.V.</i>		
<i>Richard Payne</i>	<i>Cablevision, Fallon</i>	<i>423-2720</i>	
<i>Bob Handan</i>		<i>423-7034</i>	
<i>Bob Weber</i>	<i>TV PIX, INC</i>	<i>882-2136</i>	
<i>Jack Macdonald</i>	<i>N.S. Military Medical Care</i>	<i>885-4775</i>	
<i>Walter Edwards, MD</i>	<i>State Health Division</i>	<i>885-4800</i>	
<i>David Van Horn</i>		<i>885-4200</i>	
<i>Jim WADSWORTH</i>	<i>COMMERCE DEPT</i>	<i>885-4250</i>	
<i>Joe E. Neuman</i>	<i>NIC Chairman</i>	<i>885-5245</i>	



A. B. 117

## ASSEMBLY BILL NO. 117—ASSEMBLYMAN BANNER

FEBRUARY 9, 1981

Referred to Committee on Labor and Management

SUMMARY—Changes various provisions on appeals and hearing officers in law concerning industrial insurance. (BDR 53-300)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to industrial insurance; making various changes to provisions concerning appeals officers and hearing officers; providing the commissioners with subpoena powers; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. NRS 616.226 is hereby amended to read as follows:  
 2 616.226 [Hearing] *Commissioners, hearing officers* and appeals  
 3 officers, in conducting hearings or other proceedings pursuant to the  
 4 provisions of this chapter or regulations [promulgated] *adopted* under  
 5 this chapter may:  
 6 1. Issue subpoenas requiring the attendance of any witness or the  
 7 production of books, accounts, papers, records and documents.  
 8 2. Administer oaths.  
 9 3. Certify to official acts.  
 10 4. Call and examine under oath any witness or party to a claim.  
 11 5. Maintain order.  
 12 6. Rule upon all questions arising during the course of a hearing or  
 13 proceeding.  
 14 7. Permit discovery by deposition or interrogatories.  
 15 8. Initiate and hold conferences for the settlement or simplification  
 16 of issues.  
 17 9. Dispose of procedural requests or similar matters.  
 18 10. Generally regulate and guide the course of a pending hearing or  
 19 proceeding.  
 20 SEC. 2. NRS 616.230 is hereby amended to read as follows:  
 21 616.230 If any person disobeys an order of an appeals officer, a  
 22 hearing officer or the commission or a subpoena issued by [the commis-  
 23 sioners, inspectors or examiners, or either of them,] *a commissioner,*  
 24 *appeals officer, hearing officer, inspector or examiner,* or refuses to per-  
 25 mit an inspection, or as a witness, refuses to testify to any matter for

1 which he may be lawfully interrogated, [then] the district judge of the  
2 county in which the person resides, on application of the appeals officer,  
3 [a] hearing officer or [the commission,] *commissioner*, shall compel  
4 obedience by attachment proceedings as for contempt, as in the case of  
5 disobedience of the requirements of subpoenas issued from the court on  
6 a refusal to testify therein.

7 SEC. 3. NRS 616.535 is hereby amended to read as follows:

8 616.535 1. Any employee entitled to receive compensation under  
9 this chapter [is required,] *must*, if requested by the commission or  
10 ordered by [a] *an appeals officer or hearing officer*, [to] submit himself  
11 for medical examination at a time and from time to time at a place rea-  
12 sonably convenient for the employee, and as may be provided by the  
13 regulations of the commission.

14 2. The request or order for the examination must fix a time and  
15 place therefor, due regard being had to the convenience of the employee,  
16 his physical condition and ability to attend at the time and place fixed.

17 3. The employee is entitled to have a physician, provided and paid  
18 for by him, present at any such examination.

19 4. If the employee refuses to submit to any such examination or  
20 obstructs it, his right to compensation is suspended until the examina-  
21 tion has taken place, and no compensation is payable during or for  
22 account of such period.

23 5. Any physician who makes or is present at any such examination  
24 may be required to testify as to the result thereof.

25 SEC. 4. NRS 616.567 is hereby amended to read as follows:

26 616.567 1. When the commission determines that a case should  
27 be closed before all benefits to which the claimant may be entitled have  
28 been paid, the commission shall send a written notice of its intention to  
29 close the case to the claimant by United States mail addressed to the  
30 last known address of the claimant. The notice must include a statement  
31 that the claimant has a right to [appeal] *a hearing before a hearing*  
32 *officer* on the closing of his case, and that he may request a hearing, in  
33 writing, on the form provided with the notice, within 30 days after the  
34 date on which the notice was mailed by the commission. A suitable  
35 form for requesting a hearing must be enclosed with the notice.

36 2. If the commission does not receive a request for a hearing before  
37 [an appeals] *a hearing officer* within 30 days after mailing the notice,  
38 it may close the case. Upon receiving a request for a hearing, the com-  
39 mission shall treat the case as a contested case for the purposes of the  
40 [appeal.] *hearing*.

41 SEC. 5. NRS 617.165 is hereby amended to read as follows:

42 617.165 The [commission] *chief of the hearings division of the*  
43 *department of administration* may by regulation provide for specific  
44 procedures for the determination of contested cases not inconsistent  
45 with this chapter.

46 SEC. 6. NRS 617.405 is hereby amended to read as follows:

47 617.405 1. No judicial proceedings may be instituted for benefits  
48 for an occupational disease under this chapter, unless:

49 (a) A claim is filed within the time limits prescribed in NRS 617.330;  
50 and

- 1 (b) A final decision by *an appeals officer* has been rendered on  
2 **[such]** *the claim*.  
3 2. Judicial proceedings instituted for benefits for an occupational  
4 disease under this chapter are limited to judicial review of that decision.



VERBATIM TESTIMONY OF JOE NUSBAUM, CHAIRMAN, NEVADA INDUSTRIAL COMMISSION, BEFORE SENATE COMMITTEE ON COMMERCE AND LABOR, ON FEBRUARY 25, 1981 ON SENATE BILL NO. 122.

Assembly Bill No. 84, of the last session (1979), in setting up the appeals division of the Department of Administration, did the following:

- In NRS 616.226, which gives the authority to conduct hearings on contested matters and on regulations, removed the NIC commission and inserted "hearings officers and appeals officers". Since hearings officers and appeals officers would be conducting hearings on claims, those officers needed the subpoena power and other authority and the commission, which no longer heard claimant appeals, no longer needed that authority for claimant appeals. However, the commission continued to hear appeals by employers on classification and premium matters and continued to hold hearing on proposed regulations, so the commission continued to need the authority granted by NRS 616.226

The Legislative Auditor (53.52) found the discrepancy and recommended that we seek legislation to restore the authority of 616.226 to the Commission.

- Assembly Bill No. 84 also amended NRS 616.230 and 616.235, but left the commission in the sections but only added "a hearing officer" but left out "appeals officer".

- Also Assembly Bill No. 84 failed to amend NRS 616.567, 617.165 and 617.405 to complete the transfer of the appellate function to the Department of Administration.

All of the problems resulting from Assembly Bill No. 84 having to do with the appellate function will be corrected under a bill introduced in the Assembly, at the request of the chief appeals officer, Jim Salo. That bill, Assembly Bill No. 117, was heard yesterday by the Assembly Labor Committee and was unanimously recommended.

Senate Bill No. 122 only deals with one of the issues created by Assembly Bill No. 84 of the last session and deals with it inappropriately. The commission continues to have the authority, including the subpoena power, to conduct hearings on employer accounts problems and on proposed regulations.

VERBATIM TESTIMONY OF EDWINA PRIOR, MEMBER, STATE BOARD OF MEDICAL EXAMINERS; BEFORE SENATE COMMITTEE ON COMMERCE AND LABOR, FEBRUARY 25, 1981 ON SENATE BILL NO. 141

1. Board of Medical Examiners presently licenses physicians and physician's assistants. The Osteopathic Board does the same thing. Each has a different set of statutes and rules.

The physician's assistant is licensed to perform only certain services depending upon the scope and extent of the practice of the physician under whom he serves.

2. Under the same rules the physician's assistant is then licensed by the Pharmacy Board to dispense certain controlled substances.

3. The physician's assistant may be located in a different geographical area, but the physician must consult with him once a day and visit the assistant's location at least once a week to review his cases and records, etc.

No need for this legislation.

1. The osteopathic physicians have their own assistants. Potentially dangerous situation. Doctor is responsible for his own assistant.

The medical board and the osteopathic board only has jurisdiction for disciplinary action over their own assistants. Our statutes define the area where assistants can perform and the same is true of the osteopaths. The rules of one cannot apply to the other.

2. Osteopathic physicians may not have hospital privileges which would present a very difficult situation if a physician's associate received a patient requiring hospitalization.

3. If a physician is going to be absent, he asks another physician to cover for him. Not necessary in any circumstance to have an osteopath.

4. As a member of the board of medical examiners, I believe that every precaution should be taken when we are dealing with human life.

S. B. 141

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SENATE BILL NO. 141—COMMITTEE ON  
HUMAN RESOURCES AND FACILITIES

JANUARY 29, 1981

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Referred to Committee on Commerce and Labor

SUMMARY—Provides that physician or osteopathic physician may supervise each other's assistant. (BDR 54-212)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

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EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

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AN ACT relating to the practice of medicine; providing that an osteopathic physician may supervise a physician's assistant; providing that a physician may supervise an osteopathic physician's assistant; clarifying terms; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. Chapter 630 of NRS is hereby amended by adding  
2 thereto a new section which shall read as follows:  
3 1. *A physician's assistant may, under his certificate, be supervised by*  
4 *an osteopathic physician licensed in this state in place of his supervising*  
5 *physician if:*  
6 (a) *The physician's assistant works in a geographical area where he can*  
7 *be conveniently supervised only by an osteopathic physician;*  
8 (b) *The physician's assistant remains in the employ of his supervising*  
9 *physician;*  
10 (c) *The supervising physician and the osteopathic physician agree to*  
11 *the arrangement; and*  
12 (d) *The board of medical examiners and the board of osteopathic medi-*  
13 *cine approve it.*  
14 2. *For the purposes of chapter 633 of NRS, a physician's assistant so*  
15 *supervised is not an osteopathic physician's assistant and is not practicing*  
16 *osteopathic medicine solely because of that supervision.*  
17 3. *The board shall adopt jointly with the board of osteopathic medi-*  
18 *cine regulations necessary to administer the provisions of this section.*  
19 SEC. 2. Chapter 633 of NRS is hereby amended by adding thereto a  
20 new section which shall read as follows:  
21 1. *An osteopathic physician's assistant may, under his certificate, be*

1 supervised by a physician licensed to practice medicine in this state in  
2 place of his employing osteopathic physician if:

3 (a) The osteopathic physician's assistant works in a geographical area  
4 where he can be conveniently supervised only by a physician;

5 (b) The osteopathic physician's assistant remains in the employ of his  
6 employing osteopathic physician;

7 (c) The employing osteopathic physician and the physician agree to the  
8 arrangement; and

9 (d) The board of osteopathic medicine and the board of medical exam-  
10 iners approve it.

11 2. For the purposes of chapter 630 of NRS, an osteopathic physi-  
12 cian's assistant so supervised is not a physician's assistant solely because  
13 of that supervision and continues to practice osteopathic medicine.

14 3. The board shall adopt jointly with the board of medical examiners  
15 regulations necessary to administer the provisions of this section.

16 SEC. 3. NRS 639.1373 is hereby amended to read as follows:

17 639.1373 1. A physician's assistant may, if authorized by the board,  
18 possess, administer or dispense controlled substances, poisons, dangerous  
19 drugs or devices in or out of the presence of his supervising physician only  
20 to the extent and subject to the limitations specified in the physician's  
21 assistant's certificate as issued by the board.

22 2. Each physician's assistant who is authorized by his physician's  
23 assistant's certificate issued by the state board of medical examiners or  
24 the state board of osteopathic medicine to possess, or administer or dis-  
25 pense controlled substances, or poisons, or dangerous drugs or devices  
26 must apply for and obtain a registration certificate from the board and  
27 pay a fee to be set by regulations adopted by the board before he can  
28 possess, administer or dispense controlled substances, poisons, dangerous  
29 drugs or devices.

30 3. The board shall consider each application separately and may,  
31 even though the physician's assistant's certificate issued by the state board  
32 of medical examiners or the state board of osteopathic medicine author-  
33 izes the physician's assistant to possess, administer or dispense controlled  
34 substances, poisons, dangerous drugs and devices:

35 (a) Refuse to issue a registration certificate;

36 (b) Issue a registration certificate limiting the physician's assistant's  
37 authority to possess, administer or dispense controlled substances, poi-  
38 sons, dangerous drugs or devices, the area in which the physician's assist-  
39 ant may possess controlled substances, poisons, dangerous drugs and  
40 devices, or the kind and amount of controlled substances, poisons, dan-  
41 gerous drugs and devices; or

42 (c) Issue a registration certificate imposing other limitations or restric-  
43 tions which the board feels are necessary and required to protect the  
44 health, safety and welfare of the public.

45 4. If the registration of the physician's assistant is suspended or  
46 revoked, the physician's controlled substance registration may also be  
47 suspended or revoked.

48 5. The board shall adopt regulations controlling the maximum  
49 amount to be administered, possessed and dispensed, and the storage,

- 1 security, recordkeeping and transportation of controlled substances, poi-  
2 sons, dangerous drugs and devices by physicians' assistants. In the adop-  
3 tion of such regulations, the board shall consider, but is not limited to, the  
4 following:
- 5 (a) The area in which the physician's assistant is to operate;
  - 6 (b) The population of that area;
  - 7 (c) The experience and training of the physician's assistant;
  - 8 (d) The distance to the nearest hospital and physician; and
  - 9 (e) The effect on the health, safety and welfare of the public.
- 10 6. *For the purposes of this section, the term "physician's assistant"*  
11 *includes an osteopathic physician's assistant and the terms "supervising*  
12 *physician" includes an employing osteopathic physician as defined in*  
13 *chapter 633 of NRS.*



**S. B. 127****SENATE BILL NO. 127—COMMITTEE ON  
COMMERCE AND LABOR**

JANUARY 29, 1981

Referred to Committee on Commerce and Labor

SUMMARY—Changes form of regulation of installment loans. (BDR 56-125)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.**EXPLANATION—Matter in italics is new; matter in brackets [ ] is material to be omitted.**

AN ACT relating to installment loans; changing the form of the chapter regulating such loans; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,  
do enact as follows:*

- 1 SECTION 1. Chapter 675 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 10, inclusive, of this act.
- 3 SEC. 2. 1. *Except as provided in subsection 3, every licensee may*  
4 *make loans of any amount with cash advance not exceeding \$10,000,*  
5 *repayable except as otherwise provided in section 4 of this act, in sub-*  
6 *stantially equal consecutive monthly installments of principal and interest*  
7 *combined, and may charge, contract for, collect and receive a charge*  
8 *for interest at a rate not exceeding the equivalent of the greater of the*  
9 *following:*
- 10 (a) *The total of:*
- 11 (1) *Thirty-six percent per year on that part of the unpaid balance*  
12 *of the amount of cash advanced which is \$300 or less;*
- 13 (2) *Twenty-one percent per year on that part of the unpaid balance*  
14 *of the amount of cash advanced which exceeds \$300 but does not exceed*  
15 *\$1,000; and*
- 16 (3) *Fifteen percent per year on that part of the unpaid balance*  
17 *of the amount of cash advanced which exceeds \$1,000; or*
- 18 (b) *Eighteen percent per year on the unpaid balance of the amount*  
19 *of cash advanced.*
- 20 2. *Except as otherwise provided in this subsection, the charge for*  
21 *interest must be calculated according to the actuarial method, which is*  
22 *the method of allocating payments between principal and interest pur-*  
23 *suant to which a payment is applied first to the accumulated interest and*

1 the balance, if any, is applied to the unpaid principal. A licensee may,  
2 at the time the loan is made, precompute the charge for interest at the  
3 agreed-upon rate on the scheduled unpaid principal balances according  
4 to the terms of the contract and add that interest to the principal of  
5 the loan. Where the charge for interest is precomputed the face amount  
6 of any note or contract may exceed \$10,000 by the amount of charges  
7 authorized by this chapter added to principal. If the charge for interest  
8 is precomputed, payments on account may be applied to the combined  
9 total of principal and precomputed interest until the contract is fully  
10 paid. All payments on account, except those applied to default or deferm-  
11 ent charges, must be applied to the installments in the order in which  
12 they fall due. The effect of prepayment of a precomputed loan is gov-  
13 erned by the provisions relating to refund upon prepayment in full.

14 3. On loans secured by mobile homes or factory-built housing which  
15 constitute real estate on real property as defined by NRS 361.035 the  
16 charge for interest may not exceed 18 percent on the unpaid balance of  
17 the amount of cash advanced.

18 SEC. 3. When a loan contract is for more or less than 1 year, the  
19 interest must be computed at one-twelfth the annual rate for each  
20 month. For the purpose of computing charges, whether at the maximum  
21 rate or less, a month is that period of time from any date in a calendar  
22 month to the corresponding date in the following calendar month, but  
23 if there is no corresponding date, then to the last day of the following  
24 month. A day is one-thirtieth of a month when computation is made  
25 for a fraction of a month.

26 SEC. 4. A borrower and licensee may agree that the first installment  
27 due date may be not more than 15 days more than 1 month from the  
28 date of the loan and the amount of the first installment may be increased  
29 by one-thirtieth of the portion of the interest authorized by section 2  
30 of this act which would be attributable to a first installment of 1 month  
31 for each extra day.

32 SEC. 5. In the event of a default of more than 7 days in the payment  
33 of one-half or more of any scheduled installment on a precomputed loan  
34 contract, the licensee may charge and collect a default charge not  
35 exceeding an amount equal to the refund that would be required if the  
36 loan were prepaid in full 1 month before maturity. The charge may not  
37 be collected more than once for the same default and may be collected  
38 at the time of the default or at any time thereafter. If the default charge  
39 is deducted from any payment received after default occurs and this  
40 deduction results in the default of a subsequent installment, no charge  
41 may be made for the resulting default.

42 SEC. 6. 1. If, as of an installment due date, the payment dates of  
43 all wholly unpaid installments on a precomputed loan contract, on  
44 which no default charge has been collected, are deferred one or more  
45 full months and the maturity of the contract is extended for a cor-  
46 responding period, the licensee may charge and collect a deferment  
47 charge which may not exceed the difference between the refund that  
48 would be required for prepayment in full as of the scheduled due date  
49 of the first deferred installment and the amount which would be required  
50 for prepayment in full as of 1 month before that date multiplied by the

1 number of months in the deferment period. The deferment period is  
2 that period of time in which no payment is made or required by reason  
3 of the deferment. No installment on which a default charge has been  
4 collected or an account of which any partial payment has been made  
5 may be deferred or included in the computation of the deferment charge  
6 unless the default charge or partial payment is refunded or credited to  
7 the deferment charge. The deferment charge may be collected at the  
8 time of the deferment or at any time thereafter and any payment  
9 received at the time of the deferment may be applied first to the defer-  
10 ment charge and the remainder, if any, applied to the unpaid balance  
11 of the contract. If such payment is sufficient also to pay in full an  
12 installment which is in default and the applicable default charge it must  
13 be first so applied and such installments may not be deferred nor subject  
14 to the default charge.

15 2. If a refund is required during a deferment period the borrower  
16 must also receive a refund of that portion of the deferment charge  
17 attributable to the unexpired full months of the deferment period.

18 SEC. 7. If a precomputed loan contract is prepaid in full before the  
19 final installment date the borrower is entitled to receive a refund of an  
20 amount which is at least as great a proportion of the combined total of  
21 interest and service charge, excluding any adjustment made for a first  
22 period of more than 1 month, as the sum of the periodic time balances  
23 following the date determined by the following sentence bears to the  
24 sum of all the periodic time balances under the schedule of payments  
25 in the original contract. In computing any required refund, any prepay-  
26 ment in full made on or before the 15th day following an installment  
27 date shall be deemed to have been made on the installment due date  
28 preceding the prepayment in full and if made on or after the 16th day  
29 shall be deemed to have been made on the installment due date fol-  
30 lowing such prepayment in full. No refund may be required for partial  
31 prepayment and no refund of less than \$1 need be made. The tender by  
32 the borrower, or at his request, of an amount equal to the unpaid balance  
33 less the required refund must be accepted by the licensee in full payment  
34 of the contract. If the maturity of the contract is accelerated for any  
35 reason, the licensee shall make the same refund as would be required  
36 for prepayment in full.

37 SEC. 8. No licensee may induce or permit any person or husband  
38 and wife to be obligated, directly or indirectly, under more than one  
39 contract of loan at the same time for the purpose of or with the effect  
40 of obtaining a higher rate of charge than would otherwise be permitted  
41 by this chapter.

42 SEC. 9. In addition to the charges authorized by this chapter, no  
43 further or other amount whatsoever may be directly or indirectly  
44 charged, contracted for or received from the borrower in connection  
45 with a loan made under this chapter except:

- 46 1. Court costs;
- 47 2. Reasonable attorneys' fees fixed and assessed by the court;
- 48 3. Lawful fees for the filing, recording or releasing in any public  
49 office of any instrument securing a loan;

1 4. The identifiable charge or premium for insurance provided for  
2 in NRS 675.300 if:

3 (a) With respect to insurance on tangible personal property offered  
4 as security for the loan, a clear, conspicuous, and specific statement in  
5 writing is furnished by the lender to the borrower setting forth the cost  
6 of the insurance if obtained from or through the lender and stating that  
7 the borrower may choose the person through whom the insurance is to  
8 be obtained; or

9 (b) With respect to insurance on the life, health or disability of a  
10 party obligated on a loan which is taken as security for the loan:

11 (1) The insurance is not required by the lender and this fact is  
12 clearly and conspicuously disclosed in writing to the borrower; and

13 (2) Any borrower desiring the insurance coverage gives specifically  
14 dated and separately signed affirmative written indication of this desire  
15 after receiving written disclosure to him of the cost of the insurance;

16 5. Fees for noting a lien on or transferring a certificate of title to  
17 any motor vehicle offered as security for a loan made under this chapter;

18 6. Reasonable fees of a trustee for preparing and recording a recon-  
19 veyance of any real property securing the loan;

20 7. The following fees on any loan which is secured in whole or in  
21 part by real property:

22 (a) Reasonable amounts actually applied in payment of the expense  
23 of inspecting or appraising the property offered in connection with the  
24 loan, investigating the responsibility of the applicant or procuring or  
25 extending any abstract of title or certificate of title insurance covering  
26 the property;

27 (b) The amount actually paid for the examination of any such abstract  
28 or title insurance certificate;

29 (c) An escrow fee of a reasonable amount when paid to an inde-  
30 pendent person in connection with the loan; and

31 (d) Attorney's fees for the preparation of deeds, deeds of trust and  
32 other documents in connection with the loan if the attorney is not a  
33 salaried employee of the licensee; and

34 8. Reasonable expenses, including compensation of the trustee and  
35 his attorney's fees:

36 (a) Upon the proper exercise of a power of sale contained in a mort-  
37 gage or deed of trust given to secure the loan; or

38 (b) Upon judicial foreclosure of any secured interest contained in a  
39 mortgage or deed of trust given to secure the loan.

40 SEC. 10. If any amount in excess of the amount authorized by this  
41 chapter is charged, contracted for or received, except as the result of  
42 an accidental or bona fide error, the licensee has no right to collect or  
43 receive any interest.

44 SEC. 11. NRS 675.290 is hereby amended to read as follows:

45 675.290 [1.] For the purposes of [this section,] sections 2 to 10,  
46 inclusive, of this act, a loan or refinancing is "precomputed" if the debt  
47 is expressed as a sum comprising the principal and the interest charge  
48 computed in advance.

49 [2. Except as provided in paragraph (c) of this subsection, every  
50 licensee may make loans of any amount with cash advance not exceeding

1 \$10,000, repayable except as otherwise provided in subsection 4, in  
2 substantially equal consecutive monthly installments of principal and  
3 interest combined, and may charge, contract for, collect and receive  
4 charges not in excess of the following:

5 (a) A charge for interest at a rate not exceeding the equivalent of  
6 the greater of the following:

7 (1) The total of:

8 (I) Thirty-six percent per year on that part of the unpaid balance  
9 of the amount of cash advanced which is \$300 or less;

10 (II) Twenty-one percent per year on that part of the unpaid  
11 balance of the amount of cash advanced which exceeds \$300 but does  
12 not exceed \$1,000; and

13 (III) Fifteen percent per year on that part of the unpaid balance  
14 of the amount of cash advanced which exceeds \$1,000.

15 (2) Eighteen percent per year on the unpaid balance of the amount  
16 of cash advanced.

17 (b) The charge for interest must be calculated according to the  
18 actuarial method, which is the method of allocating payments between  
19 principal and interest pursuant to which a payment is applied first to  
20 the accumulated interest and the balance, if any, is applied to the unpaid  
21 principal. A licensee may, at the time the loan is made, precompute  
22 the charge for interest at the agreed-upon rate on the scheduled unpaid  
23 principal balances according to the terms of the contract and add that  
24 interest to the principal of the loan. Where the charge for interest is  
25 precomputed the face amount of any note or contract may exceed  
26 \$10,000 by the amount of charges authorized by this chapter added to  
27 principal. If the charge for interest is precomputed, payments on account  
28 may be applied to the combined total of principal and precomputed  
29 interest until the contract is fully paid. All payments on account, except  
30 those applied to default or deferment charges, must be applied to the  
31 installments in the order in which they fall due. The effect of prepay-  
32 ment of a precomputed loan is governed by the provisions relating to  
33 refund upon prepayment in full.

34 (c) On loans secured by mobile homes or factory-built housing which  
35 constitute real estate on real property as defined by NRS 361.035 the  
36 charge for interest may not exceed 18 percent on the unpaid balance of  
37 the amount of cash advanced.

38 (d) In the event of a default of more than 7 days in the payment of  
39 one-half or more of any scheduled installment on a precomputed loan  
40 contract, the licensee may charge and collect a default charge not exceed-  
41 ing an amount equal to the refund that would be required if the loan  
42 were prepaid in full 1 month prior to maturity. The charge may not be  
43 collected more than once for the same default and may be collected at  
44 the time of such default or at any time thereafter. If such default charge  
45 is deducted from any payment received after default occurs and such  
46 deduction results in the default of a subsequent installment, no charge  
47 may be made for the resulting default.

48 (e) If, as of an installment due date, the payment dates of all wholly  
49 unpaid installments on a precomputed loan contract, on which no default  
50 charge has been collected, are deferred one or more full months and the

1 maturity of the contract is extended for a corresponding period, the  
2 licensee may charge and collect a deferment charge which shall not  
3 exceed the difference between the refund that would be required for pre-  
4 payment in full as of the scheduled due date of the first deferred install-  
5 ment and the amount which would be required for prepayment in full as  
6 of 1 month prior to such date multiplied by the number of months in the  
7 deferment period. The deferment period is that period of time in which  
8 no payment is made or required by reason of the deferment. No install-  
9 ment on which a default charge has been collected or on account of  
10 which any partial payment has been made may be deferred or included  
11 in the computation of the deferment charge unless such default charge  
12 or partial payment is refunded or credited to the deferment charge. The  
13 deferment charge may be collected at the time of the deferment or at any  
14 time thereafter and any payment received at the time of the deferment  
15 may be applied first to the deferment charge and the remainder, if any,  
16 applied to the unpaid balance of the contract. If such payment is suffi-  
17 cient also to pay in full an installment which is in default and the appli-  
18 cable default charge it must be first so applied and such installment shall  
19 not be deferred nor subject to the default charge.

20 If a refund is required during a deferment period the borrower must also  
21 receive a refund of that portion of the deferment charge attributable to  
22 the unexpired full months of the deferment period.

23 3. If a precomputed loan contract is prepaid in full before the final  
24 installment date the borrower shall receive a refund of an amount which  
25 shall be at least as great a proportion of the combined total of interest  
26 and service charge, excluding any adjustment made for a first period of  
27 more than 1 month, as the sum of the periodic time balances following  
28 the date determined by the following sentence bears to the sum of all the  
29 periodic time balances under the schedule of payments in the original  
30 contract. In computing any required refund, any prepayment in full made  
31 on or before the 15th day following an installment date shall be deemed  
32 to have been made on the installment due date preceding such prepay-  
33 ment in full and if made on or after the 16th day shall be deemed to  
34 have been made on the installment due date following such prepayment  
35 in full. No refund may be required for partial prepayments and no refund  
36 of less than \$1 need be made. The tender by the borrower, or at his  
37 request, of an amount equal to the unpaid balance less the required  
38 refund must be accepted by the licensee in full payment of the contract.  
39 If the maturity of the contract is accelerated for any reason, the licensee  
40 shall make the same refund as would be required for prepayment in full.

41 4. When a loan contract is for more or less than 1 year, the interest  
42 must be computed at one-twelfth the annual rate for each month. For  
43 the purpose of computing charges, whether at the maximum rate or less,  
44 a month shall be that period of time from any date in a calendar month  
45 to the corresponding date in the following calendar month, but if there  
46 is no such corresponding date, then to the last day of such following  
47 month. A day is one-thirtieth of a month when computation is made for  
48 a fraction of a month.

49 5. A borrower and licensee may agree that the first installment due  
50 date may be not more than 15 days more than 1 month from the date of

1 the loan and the amount of such first installment may be increased by  
2 one-thirtieth of the portion of the interest authorized by paragraph (a)  
3 of subsection 2 which would be attributable to a first installment of 1  
4 month for each extra day.

5 6. No licensee may induce or permit any person or husband and  
6 wife to be obligated, directly or indirectly, under more than one contract  
7 of loan at the same time for the purpose of or with the effect of obtain-  
8 ing a higher rate of charge than would otherwise be permitted by this  
9 section.

10 7. In addition to the charges herein provided for, no further or other  
11 amount whatsoever shall be directly or indirectly charged, contracted for  
12 or received from the borrower in connection with a loan made under this  
13 chapter except:

14 (a) Court costs.

15 (b) Reasonable attorneys' fees fixed and assessed by the court.

16 (c) Lawful fees for the filing, recording or releasing in any public  
17 office of any instrument securing a loan.

18 (d) The identifiable charge or premium for insurance provided for in  
19 NRS 675.300 if:

20 (1) With respect to insurance on tangible personal property offered  
21 as security for the loan, a clear, conspicuous, and specific statement in  
22 writing is furnished by the lender to the borrower setting forth the cost  
23 of the insurance if obtained from or through the lender and stating that  
24 the borrower may choose the person through whom the insurance is to  
25 be obtained; or

26 (2) With respect to insurance on the life, health or disability of a  
27 party obligated on a loan which is taken as security for the loan:

28 (I) The insurance is not required by the lender and this fact is  
29 clearly and conspicuously disclosed in writing to the borrower; and

30 (II) Any borrower desiring the insurance coverage gives specifically  
31 dated and separately signed affirmative written indication of this desire  
32 after receiving written disclosure to him of the cost of the insurance.

33 (e) Fees for noting a lien on or transferring a certificate of title to any  
34 motor vehicle offered as security for a loan made under this chapter.

35 (f) Reasonable fees of a trustee for preparing and recording a recon-  
36 veyance of any real property securing the loan.

37 (g) The following fees on any loan which is secured in whole or in  
38 part by real property:

39 (1) Reasonable amounts actually applied in payment of the  
40 expense of inspecting or appraising the property offered in connection  
41 with the loan, investigating the responsibility of the applicant or procur-  
42 ing or extending any abstract of title or certificate of title insurance cover-  
43 ing the property;

44 (2) The amount actually paid for the examination of any such  
45 abstract or title insurance certificate;

46 (3) An escrow fee of a reasonable amount when paid to an inde-  
47 pendent person in connection with the loan; and

48 (4) Attorney's fees for the preparation of deeds, deeds of trust and  
49 other documents in connection with the loan if the attorney is not a  
50 salaried employee of the licensee.

- 1 (h) Reasonable expenses, including compensation of the trustee and
- 2 his attorney's fees:
- 3 (1) Upon the proper exercise of a power of sale contained in
- 4 mortgage or deed of trust given to secure the loan; or
- 5 (2) Upon judicial foreclosure of any secured interest contained i
- 6 a mortgage or deed of trust given to secure the loan.
- 7 8. If any amount in excess of the amounts authorized by this chap
- 8 ter is charged, contracted for or received, except as the result of an acc
- 9 dental or bona fide error, the licensee shall have no right to collect o
- 10 receive any interest.]
- 11 SEC. 12. This act shall become effective upon passage and approval