
ASSEMBLY BILL NO. 478—COMMITTEE ON WAYS AND MEANS
(ON BEHALF OF THE DEPARTMENT OF ADMINISTRATION)

MARCH 24, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to registration of certain businesses regulated by Division of Consumer Affairs of the Department of Business and Industry. (BDR 52-1249)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to trade practices; increasing the fee for the issuance or renewal of a certificate of registration by the Division of Consumer Affairs of the Department of Business and Industry for a credit service organization, organization for buying goods or services at a discount, dance studio, health club or seller of travel; requiring the Division to regulate martial arts studios; requiring tour brokers, tour operators and martial arts studios to register with the Division; prescribing a fee for such registration; 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 598 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.
3 **Sec. 2.** *“Martial arts studio” means a facility where*
4 *instruction is provided, for compensation, in unarmed combat that*
5 *involves the use of the techniques from one or more disciplines of*
6 *the martial arts, including, without limitation, grappling, kicking*
7 *and striking.*



* A B 4 7 8 *

1 **Sec. 3. 1. Before advertising its services or conducting**
2 **business in this state, a tour broker or tour operator must register**
3 **with the Division by:**

4 (a) **Submitting to the Division an application for registration**
5 **on a form prescribed by the Division;**

6 (b) **Paying to the Division a fee of \$100; and**

7 (c) **Depositing the security required pursuant to NRS 598.495**
8 **with the Division.**

9 **2. The Division shall issue a certificate of registration to the**
10 **tour broker or tour operator upon receipt of:**

11 (a) **The security in the proper form as required pursuant to**
12 **NRS 598.495; and**

13 (b) **The payment of the fee required by subsection 1.**

14 **3. A certificate of registration:**

15 (a) **Is not transferable or assignable; and**

16 (b) **Expires 1 year after it is issued.**

17 **4. A tour broker or tour operator must renew a certificate of**
18 **registration issued pursuant to this section before the certificate**
19 **expires by:**

20 (a) **Submitting to the Division an application for the renewal**
21 **of the certificate on a form prescribed by the Division; and**

22 (b) **Paying to the Division a renewal fee of \$100.**

23 **Sec. 4.** NRS 598.0999 is hereby amended to read as follows:

24 598.0999 1. A person who violates a court order or
25 injunction issued pursuant to the provisions of NRS 598.0903 to
26 598.0999, inclusive, upon a complaint brought by the
27 Commissioner, the Director, the district attorney of any county of
28 this state or the Attorney General shall forfeit and pay to the State
29 General Fund a civil penalty of not more than \$10,000 for each
30 violation. For the purpose of this section, the court issuing the order
31 or injunction retains jurisdiction over the action or proceeding. Such
32 civil penalties are in addition to any other penalty or remedy
33 available for the enforcement of the provisions of NRS 598.0903 to
34 598.0999, inclusive.

35 2. In any action brought pursuant to the provisions of NRS
36 598.0903 to 598.0999, inclusive, if the court finds that a person has
37 willfully engaged in a deceptive trade practice, the Commissioner,
38 the Director, the district attorney of any county in this state or the
39 Attorney General bringing the action may recover a civil penalty not
40 to exceed \$2,500 for each violation. The court in any such action
41 may, in addition to any other relief or reimbursement, award
42 reasonable attorney's fees and costs.

43 3. A natural person, firm, or any officer or managing agent of
44 any corporation or association who knowingly and willfully engages
45 in a deceptive trade practice:



- 1 (a) For the first offense, is guilty of a misdemeanor.
- 2 (b) For the second offense, is guilty of a gross misdemeanor.
- 3 (c) For the third and all subsequent offenses, is guilty of a
- 4 category D felony and shall be punished as provided in
- 5 NRS 193.130.

6 4. Any offense which occurred within 10 years immediately
7 preceding the date of the principal offense or after the principal
8 offense constitutes a prior offense for the purposes of subsection 3
9 when evidenced by a conviction, without regard to the sequence of
10 the offenses and convictions.

11 5. If a person violates any provision of NRS 598.0903 to
12 598.0999, inclusive, 598.100 to 598.2801, inclusive, 598.305 to
13 598.395, inclusive, 598.405 to 598.525, inclusive, *and section 3 of*
14 *this act*, 598.741 to 598.787, inclusive, or 598.840 to 598.966,
15 inclusive, *and section 2 of this act* fails to comply with a judgment
16 or order of any court in this state concerning a violation of such a
17 provision, or fails to comply with an assurance of discontinuance or
18 other agreement concerning an alleged violation of such a provision,
19 the Commissioner or the district attorney of any county may bring
20 an action in the name of the State of Nevada seeking:

21 (a) The suspension of the person's privilege to conduct business
22 within this state; or

23 (b) If the defendant is a corporation, dissolution of the
24 corporation.

25 The court may grant or deny the relief sought or may order other
26 appropriate relief.

27 **Sec. 5.** NRS 598.335 is hereby amended to read as follows:

28 598.335 "Seller of travel" means a person who offers for sale,
29 directly or indirectly, transportation by air, land, rail or water, travel
30 services, vacation certificates or any combination thereof, to a
31 person or group of persons for a fee, commission or other valuable
32 consideration. The term:

33 1. Includes any person who offers membership in a travel club
34 or any services related to travel for an advance fee or payment.

35 2. Does not include:

36 (a) A hotel that provides or arranges travel services for its
37 patrons or guests;

38 (b) A person who, for compensation, transports persons or
39 property by air, land, rail or water; or

40 (c) A tour broker or tour operator who is subject to the
41 provisions of NRS 598.405 to 598.525, inclusive ~~+~~, *and section 3*
42 *of this act.*



1 **Sec. 6.** NRS 598.365 is hereby amended to read as follows:
2 598.365 1. Before advertising its services or conducting
3 business in this state, a seller of travel must register with the
4 Division by:

- 5 (a) Submitting to the Division an application for registration on
6 a form prescribed by the Division;
7 (b) Paying to the Division a fee of ~~[\$25.]~~ **\$100**; and
8 (c) Depositing the security required pursuant to NRS 598.375, if
9 any, with the Division.

10 2. The Division shall issue a certificate of registration to the
11 seller of travel upon receipt of:

- 12 (a) The security in the proper form if the seller of travel is
13 required to deposit security pursuant to NRS 598.375; and
14 (b) The payment of the fee required by this section.

15 3. A certificate of registration:

- 16 (a) Is not transferable or assignable; and
17 (b) Expires 1 year after it is issued.

18 4. A seller of travel must renew a certificate of registration
19 issued pursuant to this section before the certificate expires by:

- 20 (a) Submitting to the Division an application for the renewal of
21 the certificate on a form prescribed by the Division; and
22 (b) Paying to the Division a fee of ~~[\$25.]~~ **\$100**.

23 **Sec. 7.** NRS 598.405 is hereby amended to read as follows:

24 598.405 As used in NRS 598.405 to 598.525, inclusive, **and**
25 **section 3 of this act**, unless the context otherwise requires, the
26 words and terms defined in NRS 598.416 to 598.465, inclusive,
27 have the meanings ascribed to them in those sections.

28 **Sec. 8.** NRS 598.485 is hereby amended to read as follows:

29 598.485 The provisions of NRS 598.495, 598.506 and 598.515
30 **and section 3 of this act** do not apply to a tour broker whose
31 business is confined to advertising, or a tour operator whose
32 business is confined to advertising and conducting, sightseeing tours
33 that originate in a county other than a county whose population is
34 400,000 or more.

35 **Sec. 9.** NRS 598.525 is hereby amended to read as follows:

36 598.525 The Commissioner may adopt such regulations as the
37 Commissioner determines are necessary to carry out the ~~intent~~
38 **provisions** of NRS 598.405 to 598.525, inclusive ~~of~~, **and section 3**
39 **of this act**.

40 **Sec. 10.** NRS 598.721 is hereby amended to read as follows:

41 598.721 1. Each credit service organization, organization for
42 buying goods or services at a discount, dance studio, **martial arts**
43 **studio** and health club regulated by the provisions of this chapter
44 shall apply for registration on the form prescribed by the Division.



1 2. At the time of application for registration, the applicant must
2 pay to the Division an administrative fee of ~~[\$25]~~ *\$100* and deposit
3 the required security with the Division.

4 3. Upon receipt of the security in the proper form and the
5 payment of the administrative fee required by this section, the
6 Division shall issue a certificate of registration to the applicant. A
7 certificate of registration:

- 8 (a) Is not transferable or assignable; and
- 9 (b) Expires 1 year after it is issued.

10 4. A registrant must renew a certificate of registration issued
11 pursuant to this section before the certificate expires by submitting
12 to the Division ~~[an]~~ :

13 (a) *An* application for the renewal of the certificate on a form
14 prescribed by the Division ~~[f]~~ ; and

15 (b) *A renewal fee of \$100.*

16 **Sec. 11.** NRS 598.940 is hereby amended to read as follows:
17 598.940 As used in NRS 598.940 to 598.966, inclusive, *and*
18 *section 2 of this act*, unless the context otherwise requires, the
19 words and terms defined in NRS 598.9403 to 598.9417, inclusive,
20 *and section 2 of this act* have the meanings ascribed to them in
21 those sections.

22 **Sec. 12.** NRS 598.9417 is hereby amended to read as follows:
23 598.9417 "Pre-sale" means the sale of dance lessons, the use of
24 facilities or other services by a dance studio , *martial arts studio* or
25 health club before all amenities, facilities or benefits identified in
26 the contract or sales presentation are available to the buyer.

27 **Sec. 13.** NRS 598.942 is hereby amended to read as follows:
28 598.942 The provisions of NRS 598.940 to 598.966, inclusive,
29 *and section 2 of this act* apply to contracts for dance lessons, the
30 use of facilities or other services from a dance studio , *martial arts*
31 *studio* or health club only if the membership is intended for use by
32 the buyer or for the buyer and the members of his family and:

- 33 1. The buyer purchases or becomes obligated to purchase the
34 dance lessons, use of facilities or other services for more than 3
35 months and the dance studio , *martial arts studio* or health club
36 requires the payment of any fee or dues more than 3 months in
37 advance;
- 38 2. The dance studio , *martial arts studio* or health club requires
39 the payment of a fee for initiation or membership in an amount
40 greater than \$75; or
- 41 3. The dance studio , *martial arts studio* or health club accepts
42 from a buyer more than \$100 at any one time for dance lessons, the
43 use of facilities or other services.



1 **Sec. 14.** NRS 598.944 is hereby amended to read as follows:
2 598.944 1. Each owner of a dance studio , *martial arts studio*
3 or health club shall register with the Division pursuant to NRS
4 598.721, listing the full name and address of the studio or club and
5 any other description of its facilities or activities the Division
6 requires.
7 2. At least one member of the governing body of the dance
8 studio , *martial arts studio* or health club must live in the county
9 where the studio or club is located. He is the agent of the studio or
10 club and its owner for receipt of process served.

11 **Sec. 15.** NRS 598.946 is hereby amended to read as follows:
12 598.946 1. Except as otherwise provided in subsection 5,
13 before advertising its services or conducting business in this state,
14 the owner of a dance studio ~~[or a]~~ , *martial arts studio or* health
15 club must register pursuant to NRS 598.721 and 598.944 and
16 deposit security with the Division pursuant to NRS 598.726. The
17 security must:

18 (a) Be conditioned on compliance by the owner with the
19 provisions of NRS 598.940 to 598.966, inclusive, and the terms of
20 the contract with a buyer; and

21 (b) Remain on deposit with the Division until the release of the
22 security is authorized or required pursuant to NRS 598.736, except
23 that the dance studio , *martial arts studio* or health club may change
24 the form of the security as provided in NRS 598.726.

25 2. Except as otherwise provided in subsection 3, the amount of
26 the security to be deposited must be:

27 (a) Ten thousand dollars, if the dance studio , *martial arts studio*
28 or health club has less than 400 members;

29 (b) Fifteen thousand dollars, if the dance studio , *martial arts*
30 *studio* or health club has 400 members or more but less than 800
31 members;

32 (c) Twenty thousand dollars, if the dance studio , *martial arts*
33 *studio* or health club has 800 members or more but less than 1,200
34 members;

35 (d) Twenty-five thousand dollars, if the dance studio , *martial*
36 *arts studio* or health club has 1,200 members or more but less than
37 1,500 members;

38 (e) Thirty-five thousand dollars, if the dance studio , *martial*
39 *arts studio* or health club has 1,500 members or more but less than
40 4,000 members;

41 (f) Fifty thousand dollars, if the dance studio , *martial arts*
42 *studio* or health club has 4,000 members or more but less than
43 25,000 members; and

44 (g) Two hundred and fifty thousand dollars, if the dance studio ,
45 *martial arts studio* or health club has 25,000 or more members.



1 3. If a dance studio , *martial arts studio* or health club
2 conducts any pre-sale of dance lessons, the use of facilities or other
3 services, the amount of the security required by this section is
4 \$100,000 unless a greater amount is required pursuant to paragraph
5 (g) of subsection 2.

6 4. A dance studio , *martial arts studio* or health club shall
7 report to the Division on a quarterly basis the size of its membership
8 and shall, on the basis of any change in the size of that membership,
9 adjust accordingly the amount of the security deposited with the
10 Division.

11 5. If, on October 1, 2001, a dance studio , *martial arts studio*
12 or health club has not deposited security with the Division pursuant
13 to NRS 598.726 because it was not required to do so pursuant to this
14 section, the dance studio , *martial arts studio* or health club:

15 (a) Is not required to deposit security with the Division pursuant
16 to NRS 598.726; and

17 (b) Shall obtain a written acknowledgment from each member
18 and prominently post a notice on its premises stating that no security
19 for refunds or reimbursement has been deposited with the State of
20 Nevada.

21 **Sec. 16.** NRS 598.948 is hereby amended to read as follows:

22 598.948 Each contract between the buyer and the dance studio
23 , *martial arts studio* or health club must:

24 1. Be in writing, legible and have all spaces filled in before the
25 buyer signs it;

26 2. Be in the language in which the sales presentation was
27 given;

28 3. Contain the addresses of the buyer and the studio or club;

29 4. Be given to the buyer when he signs it;

30 5. Disclose whether security has been obtained and deposited
31 with the Division pursuant to NRS 598.726;

32 6. Specify the term of membership of the buyer, which must
33 not be measured by the life of the buyer;

34 7. Clearly specify the right of the buyer to cancel the contract
35 pursuant to NRS 598.950;

36 8. Not contain a clause by which the contract is automatically
37 renewed; and

38 9. Specify the number of lessons and the cost of each lesson, if
39 the contract is for dance lessons.

40 **Sec. 17.** NRS 598.950 is hereby amended to read as follows:

41 598.950 A buyer may cancel a contract for dance lessons, the
42 use of facilities or other services from a dance studio , *martial arts*
43 *studio* or health club within 3 business days after he receives a copy
44 of the contract by notifying the studio or club in writing. The notice
45 must be delivered in person or by mail postmarked by midnight of



1 the third business day. The studio or club shall return all money paid
2 by the buyer within 15 days after it receives the notice of
3 cancellation.

4 **Sec. 18.** NRS 598.952 is hereby amended to read as follows:

5 598.952 A dance studio , *martial arts studio* or health club
6 shall not make any false or misleading representation to the buyer or
7 in its advertising. A contract for services from a dance studio ,
8 *martial arts studio* or health club is void and unenforceable if any
9 false or misleading representation was made to the buyer.

10 **Sec. 19.** NRS 598.954 is hereby amended to read as follows:

11 598.954 If a buyer becomes disabled during the term of a
12 contract, and a physician confirms in writing to the dance studio ,
13 *martial arts studio* or health club that:

14 1. The buyer is not physically able to use the facilities of the
15 studio or club; and

16 2. The disability will continue for more than
17 3 months,

18 the buyer is entitled to suspend the contract for the duration of the
19 disability. After he recovers, he is entitled to an extension of the
20 contract for a period equal to the time of the disability. If he is
21 permanently disabled, he may cancel the contract and receive a
22 refund pro rata of the amount paid pursuant to it.

23 **Sec. 20.** NRS 598.956 is hereby amended to read as follows:

24 598.956 1. If a dance studio , *martial arts studio* or health
25 club is closed for more than 1 month, through no fault of the buyer,
26 he is entitled to:

27 (a) Extend the contract for a period equal to the time the studio
28 or club is closed; or

29 (b) Receive a refund pro rata of the amount paid pursuant to the
30 contract.

31 2. If the dance studio , *martial arts studio* or health club is
32 closed without fault of its owner or management, the election of
33 remedies under subsection 1 must be made by the studio or club. If
34 the studio or club is closed because of the fault of its owner or
35 management, the election must be made by the buyer.

36 **Sec. 21.** NRS 598.958 is hereby amended to read as follows:

37 598.958 1. If a dance studio , *martial arts studio* or health
38 club transfers its obligations to provide goods or services to a buyer
39 to another studio or club that provides substantially fewer goods or
40 services, the buyer may consent to the transfer in writing after a full
41 disclosure of the goods and services provided by the new studio or
42 club. If the buyer does not consent, his contract is rescinded and he
43 must be given a refund pro rata upon the amount of time he was a
44 member of the dance studio , *martial arts studio* or health club.



1 2. If a dance studio , *martial arts studio* or health club moves
2 its place of business that is geographically closest to the residence of
3 the buyer as set forth in the contract, more than 20 miles farther
4 away from the residence of the buyer than it was when the contract
5 for services was signed, the buyer may rescind the contract and the
6 dance studio , *martial arts studio* or health club shall provide a
7 refund pro rata based upon the amount of time he was a member.

8 **Sec. 22.** NRS 598.960 is hereby amended to read as follows:

9 598.960 If a dance studio , *martial arts studio* or health club
10 does not comply with the provisions of NRS 598.940 to 598.950,
11 inclusive, *and section 2 of this act* or 598.954 to 598.966, inclusive,
12 the buyer may agree in writing, after a full disclosure, to any
13 correction of the defect if the correction is made within 30 days after
14 he signs a contract for dance lessons, the use of facilities or other
15 services. If the buyer does not consent, or if the correction is not
16 made within the 30-day period, the contract is rescinded and the
17 buyer must be given a full refund.

18 **Sec. 23.** NRS 598.962 is hereby amended to read as follows:

19 598.962 Any waiver by the buyer of the provisions of NRS
20 598.940 to 598.966, inclusive, *and section 2 of this act* is contrary
21 to public policy and void.

22 **Sec. 24.** NRS 598.966 is hereby amended to read as follows:

23 598.966 1. The remedies, duties and prohibitions of NRS
24 598.940 to 598.966, inclusive, *and section 2 of this act* are not
25 exclusive and are in addition to any other remedies provided by law.

26 2. Any violation of NRS 598.944 to 598.958, inclusive,
27 constitutes a deceptive trade practice for the purposes of NRS
28 598.0903 to 598.0999, inclusive.

