

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-ninth Session  
May 18, 2017**

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 5:11 p.m. on Thursday, May 18, 2017, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Joyce Woodhouse, Chair  
Senator David R. Parks, Vice Chair  
Senator Aaron D. Ford  
Senator Ben Kieckhefer  
Senator Pete Goicoechea  
Senator Becky Harris

**COMMITTEE MEMBERS ABSENT:**

Senator Moises Denis (Excused)

**GUEST LEGISLATORS PRESENT:**

Senator Pat Spearman, Senatorial District No. 1

**STAFF MEMBERS PRESENT:**

Mark Krmptic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Felicia Archer, Committee Secretary  
Colby Nichols, Committee Secretary

**OTHERS PRESENT:**

Rana Goodman, Nevada Association to Stop Guardian and Elder Abuse; Political Editor, The Vegas Voice

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Dan Roberts, Editor, The Vegas Voice

Gail J. Anderson, Deputy Secretary for Southern Nevada, Office of the  
Secretary of State

Jon Sasser, Legal Aid Center of Southern Nevada

Jennifer J. Gaynor, Nevada Credit Union League

Samuel P. McMullen, Nevada Bankers Association

Gary W. Olsen, President, Nevada Association for the Deaf; Subcommittee on  
Communication Services

Ellen Thompson, Nevada Association for the Deaf; Subcommittee on  
Communication Services

Jill Berntson, Deputy Administrator, Aging and Disability Services Division,  
Department of Health and Human Services

Peter Long, CPM, Administrator, Division of Human Resource Management,  
Department of Administration

Brad Keating, Legislative Representative, Clark County School District

Mary Pierczynski, Nevada Association of School Administrators; Nevada  
Association of School Superintendents

Brian L. Mitchell, Director, Governor's Office of Science, Innovation and  
Technology

Linda Heiss, Senior Director of Institutional Research, Nevada System of Higher  
Education

Marcus Conklin, Nevada Mortgage Lending Association

Stephen Aichroth, Administrator, Manufactured Housing Division, Department of  
Business and Industry

CJ Manthe, Administrator, Housing Division, Department of Business and  
Industry

Susan Fisher, Nevada Housing Alliance

Alisa Nave-Worth, Manufactured Home Community Owners Association

CHAIR WOODHOUSE:

I call this meeting of the Senate Committee on Finance to order. We will begin  
tonight's meeting with a hearing on Senate Bill (S.B.) 229.

**SENATE BILL 229 (1st Reprint)**: Revises provisions relating to guardianships.  
(BDR 13-87)

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SENATOR BECKY HARRIS (Senatorial District No. 9):  
Senate Bill 229 allows any person to appoint his or her guardian by completing a nomination of a guardian form that is signed, witnessed by two impartial adults and notarized.

Part of this legislation includes a model form. This bill also allows for the storage of the forms in the Secretary of State's lockbox and authorizes the Secretary of State to provide access to the lockbox to a court, law enforcement agency, hospital or other entity that needs to determine if a guardian has been nominated. It would restrict access to other documents contained in the lockbox and establishes that if one or more guardians have been nominated that the last-in-time designation of guardian controls. It also requires for out-of-State guardians to designate an in-State registered agent.

This is money well spent. If you look at the fiscal note for this bill, it is next to nothing: \$2,975 in fiscal year (FY) 2017-2018 and \$2,725 in FY 2018-2019. The effect for future biennia is also a small amount of \$5,451. The money that we would spend on this program will save first responders, law enforcement agencies and hospitals time and money as they attempt to track down who a relative or guardian might be for a person who has found their way into their care.

I would also like to propose a conceptual amendment to allow for grants, gifts and bequests to help pay for this, as I understand that there are some nonprofit organizations that would be interested in helping alleviate this minimal fiscal note. I have submitted a summary of my testimony today to be included as part of the record ([Exhibit C](#)).

RANA GOODMAN (Nevada Association to Stop Guardian and Elder Abuse; Political Editor, The Vegas Voice):

We are a nonprofit organization. I am here to speak on this bill because we represent many seniors. I am a senior advocate. Many of our constituents call regularly to ask what they can do to make sure that the guardians who they have nominated are known to the courts. The easiest way to do that is, when they go before the family court, to make sure the court knows who the guardian is in advance. If they were able to register their guardians with the Secretary of State's office, that would be a simple solution.

Sometimes, someone who means well will report to the public guardian's office that a senior needs help. The senior may have dementia or not be taking care of themselves properly. The public guardian steps in trying to help and will file for guardianship for these people not knowing that they may have already nominated a family member as a guardian. If guardians were registered, that would not happen. People will have the guardians that they want. The guardian in the family will take care of them, as it should be.

SENATOR GOICOECHEA:

If you have a family member who is a guardian but has not completed this form yet, would that guardianship not be valid if there was a form on file for a different guardian at the Secretary of State's office?

Ms. GOODMAN:

The form can accommodate all of the guardians named. The person nominates the family member, has the form notarized and sends it to the nominee. Part of the filing process is giving the nominee notice. They would know about it in advance.

SENATOR GOICOECHEA:

If there was no form on file, then would there be no impact one way or the other?

Ms. GOODMAN:

Yes.

SENATOR HARRIS:

I want to address Senator Goicoechea's question. Let us say that somebody fills out the nomination of guardian form and files it with the Secretary of State's office. Later, they are drafting estate planning documents where they perhaps have nominated a different guardian. It is the last-in-time designation that will have control.

DAN ROBERTS (Editor, Vegas Voice Magazine):

I want to make it very clear for the legislators and everyone that, when we investigated the guardianship scandals in the State, all of those problems and concerns would have been eliminated by this simple, one-page form. I cannot stress enough how important S.B. 229 is.

People have been destroyed by these scandals. They have lost thousands of dollars in disputes over who is their guardian. A whole industry has come into being because of this state of affairs. This form and the placing of it within the Secretary of State's office will not only eliminate the problems of guardianship, but, based upon the research that we have done over the last two years, will serve as a model for the rest of the Country. Nevada is not the only state dealing with this problem.

People are getting older and living longer. This model will serve as an example for the Nation. It will show how to do this properly. I strongly urge you to support this legislation.

GAIL J. ANDERSON (Deputy Secretary for Southern Nevada, Office of the Secretary of State):

I oversee the special programs section in the Las Vegas office, which includes the current living will lockbox program. The Office is in support of this legislation. The existing lockbox for the filing of advanced health care directives was established in 2009 and has just under 13,000 documents filed within.

The filing of the guardianship nominations into the lockbox requires us to set up a parallel, but separate and secure guardianship lockbox. It will have a separate access entity as set forth in section 12 of S.B. 229. The fiscal note is for minimal expenses involving the registration cards, the postage for mailing them and for publicizing the program through our normal and ongoing outreach methods which are fairly extensive. We look forward to being able to promote the program.

CHAIR WOODHOUSE:

Seeing no one who wishes to testify in opposition or in a neutral position on this bill, I will close the hearing on S.B. 229. We will continue on to S.B. 490.

**SENATE BILL 490 (1st Reprint)**: Revises provisions relating to the foreclosure of real property. (BDR 9-488)

SENATOR HARRIS:

This bill updates and reinstates the foreclosure mediation program (FMP). I have submitted my introduction to this bill for the Committee's review ([Exhibit D](#)). Per the bill, the FMP would be placed within Home Means Nevada, Inc. which is a nonprofit within the Housing Division of the State. Homeowners

wishing to participate would file a \$25 petition with the district court. District court judges would then oversee the mediation process and have the ability to provide more timely oversight of the FMP and allow for an entry of an order at the conclusion of mediation, thereby speeding up the process.

The bill also provides for quarterly reports to the Interim Finance Committee (IFC). The current ending balance of approximately \$500,000 stays with the FMP and would be immediately available to the FMP.

The process of the FMP has some changes. There would be an electronic portal, which would help save on costs significantly. The Committee should have received an updated fiscal note based on Home Means Nevada, Inc.'s administration of the FMP.

We imagine the FMP being administered through the online portal instead of being staff-heavy and administered through the labor-intensive paper process used in the past. The upfront cost for the FMP portal is much lower than the initial fiscal note. The original fiscal note reflected an upfront cost of over \$1 million, which has now been revised to about \$385,000 based on what vendors are quoting.

The vendor who developed the federal bankruptcy portal for the State submitted a letter to the Committee indicating that the FMP portal could be developed for approximately \$150,000 to \$200,000. Feedback on the federal bankruptcy portal is extremely positive and they have had a great success rate. That being said, I want to make it clear that no vendor has been specifically chosen as of right now.

One of the benefits of the electronic portal is that things are date-stamped automatically as they are transmitted back and forth, so there is never any question over who received what and when. All parties would have immediate access to the documents.

Per this vendor, ongoing portal expenses would be covered by the filing fees for each loan into the program. None the staff formerly employed by the FMP are working, as the FMP ceased operations on December 31, 2016. We anticipate, with the electronic portal, that overall operation of the FMP could be adequately staffed with about three full-time equivalent (FTE) positions: one manager and two analysts. It is anticipated that at least one of the members of the original

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FMP would be able to be rehired. That would save a lot of money on administration and training costs as they have already run the FMP.

Home Means Nevada, Inc. has said that they would need to contract out a small amount of accounting and information technology work. They also indicated that the costs in the most recent fiscal note are reasonable based upon the maintenance fees of about \$40.

There is a proposed amendment ([Exhibit E](#)) for this bill. What we would like to do is change the fee structure. In the proposed fee structure, there would be charges of \$300 to each party. The homeowner and the lender would each pay \$300 to the program. I am proposing that \$50 from each party would go to the Home Means Nevada, Inc. group for portal maintenance and administration costs. I am proposing that we increase the notice of default filing fee from \$150 to \$200. That extra \$50 would go the FMP to help assist with ongoing costs. This way, we get the FMP to be largely self-sustaining.

SENATOR KIECKHEFER:

Can you explain the fee structure a little more? Is there a recording fee?

SENATOR HARRIS:

It is proposed that we increase the notice of default filing fee from \$150 to \$200. That \$50 increase would go to the FMP. In the past, the FMP has worked under a \$200 filing fee from the homeowner and a \$200 fee from the vendor. We are proposing an increase so the mediators can have a little increase in their pay.

So we are increasing the fees from \$200 to \$300 for each party. Fifty dollars from each party would go to help pay for the FMP administration costs.

SENATOR FORD:

I am very supportive of the FMP. I have received a lot of constituent communication indicating that they are concerned that we would end the FMP. That is certainly not my intention.

Can you tell me what the fiscal note for this bill would be if we adopted [Exhibit E](#)?

SENATOR HARRIS:

I do not have that information in front of me, having just received [Exhibit E](#) a short while ago. Home Means Nevada, Inc. is here to testify. They updated their fiscal note based on conversations with an outside vendor about how to build and deliver the portal. My understanding is that it will cost \$310,028 for FY 2017-2018 and \$339,545 for FY 2018-2019. In future biennia, it is estimated to cost \$738,123. We have a starting balance of over \$500,000 from the last FMP.

SENATOR FORD:

I am still confused. If all we are doing is transferring this program from one place to another, why are we increasing the fee?

SENATOR HARRIS:

The program as it is now is not self-sustaining.

SENATOR FORD:

So the fee increase is to make it self-sustaining?

SENATOR HARRIS:

That is correct.

SENATOR FORD:

The fiscal note indicates that the funds that operated this program under the Supreme Court are being transferred to the new location. Why is there a fiscal note at all if all this is just a transfer of a program?

SENATOR HARRIS:

I think it is because Home Means Nevada, Inc. thinks that they will have some staff costs, and there are the costs of development of an electronic portal. There will be some upfront costs. In the long run, the ability to be electronic over being staff-heavy, which the FMP has been in the past, is going to result in savings.

We have had a significant decrease in notice-of-default filings as well. When you lose volume, you lose fees. We are trying to make the FMP as streamlined and cost-efficient as possible, and build it to be self-sustaining.



SENATOR FORD:

It sounds like the process is being improved as well.

SENATOR HARRIS:

Absolutely.

JON SASSER (Legal Aid Center of Southern Nevada):

I want to thank Senator Harris for working with us and with Justice Hardesty to develop this concept for a new FMP. The volume of notice-of-default (NOD) filings is way down in our State from where it was. That is why revenues for the FMP have gone way down. The fiscal note is to make up for those lost revenues.

Under the current FMP, each NOD generates \$45 for the program. If the volume drops by 80 percent, so too would revenue. That is the problem. On the other hand, there is still about 6,000 NODs a year issued in the State. We are still number two in the Nation, I think, in terms of numbers of homes that are underwater. We do have some of the financing mechanisms that are set to expire and need to be renewed, which can cause additional problems.

We, at Legal Aid, represent the low-income homeowners in this process. We found the FMP to be extremely helpful for our clients, and we want to see it move forward.

SENATOR FORD:

The increase in fee is happening on both sides. Do the homeowner and the lender have to pay \$300?

SENATOR HARRIS:

Yes. Since the FMP started in 2009, there has been a flat fee for mediators. Some thought was given to the idea that perhaps those individuals should get a bump up in the fee for their services because the process is quite time-intensive.

I have been a mediator for the FMP. I can tell you that it is truly a labor of love, and that the portal will save some time. However, it will not negate the fact that each mediation needs telephone time with the parties involved, time for reviewing documentation and the actual mediation itself, which can take up to four hours. It takes a significant amount of time to be appropriately prepared for

a mediation and to complete the documents for the FMP. Sometimes there are ongoing dialogues that have to take place as well.

If you are looking for a way to minimize the increase in the fee, I would suggest that we not increase the fee for the mediators. That way, fees increase by \$50, which goes towards the FMP itself instead of a \$100 increase. Initially, the proposed fee increase of \$100 would all go the mediator, but we decided we wanted at least some of those funds to go to the FMP itself.

SENATOR FORD:

The only reason I am asking, which I am sure you already know, is that these people are in foreclosure or headed towards it. They are already in dire straits. I am wondering what the rationale for increasing their fee is. It is going to be difficult for them to come up with an additional \$100.

SENATOR HARRIS:

I have taken the time to talk to a lot of homeowner advocate attorneys, who told me that, in their considered opinion, giving the mediators a fee increase will not increase hardship significantly for their clients. I can certainly appreciate that these people are in a tough spot. Having been a mediator for the FMP, I have seen the financial situations of these individuals.

I understand your concern that we would be adding an increased burden on already troubled homeowners. We can choose not to increase the mediator fee portion of the FMP.

SENATOR FORD:

That would be my preference. I know that Mr. Sasser is in support of the bill, and he represents people who would be subjected to that fee. It just seems to me that it may look bad when we are trying to help these homeowners. I would rather not increase the fee for the service we are offering them.

SENATOR HARRIS:

I want to make it clear for the record that I have not been a mediator for the FMP since 2015. I do not have any stake in the fee increase. I want that to be very clear. I am not attempting to benefit. It was just one of the issues that came out of the working group. We are happy to work to satisfy your concerns.

MR. SASSER:

There are two funding streams that pay for the FMP. One pays for the mediators; that one is \$200 per party. The administrative staff that resided with the Supreme Court and would now be at Home Means Nevada, Inc. is primarily paid through the NOD fees. Every single lender who files a NOD has paid that \$45. I believe that [Exhibit E](#) increases that fee by \$50. That is the main funding stream for the FMP.

CHAIR WOODHOUSE:

Seeing no one else who wishes to testify in support of [S.B. 490](#), I will now open the hearing to those wishing to testify in opposition to this bill.

JENNIFER J. GAYNOR (Nevada Credit Union League):

We do have some real concerns with [S.B. 490](#) in its current form. When the FMP was first set in place, credit unions were included at the table and tried to aid the FMP in running smoothly. We understood the need of the FMP to force lenders to come to the table and try to work out loan modifications with homeowners before the homeowners had to foreclose.

Credit unions, which are nonprofits owned by their members, are already doing so. They have always done so. We come to the table way before a forced mediation. We proactively reach out to our members to try to work out terms that will keep our members in their homes. Foreclosure is the last option when it becomes clear there is no other way to make the numbers work.

We are working to gather some overall numbers to share with the Committee regarding how many times our members have participated in the FMP and what the outcomes have been. I will share what we have gathered so far. Of 17 member credit unions in Nevada, there were only 10 total foreclosures in 2016. This reflects a clear downward trend from 133 foreclosures in 2011, 98 foreclosures in 2012, 53 foreclosures in 2013, 33 foreclosures in 2014 and 27 foreclosures in 2015.

During that five-year period, one member credit union completed 104 foreclosures and had 60 modifications in addition to that. Of those 104 foreclosures, only 4 went to mediation. Of those four mediations, three admitted they had no ability to repay; they just wanted to stay longer in their homes. For the fourth mediation, terms were worked out, but the homeowner failed to successfully meet those terms.

Another member credit union had only two mediations in the past five years. For one, the borrowers sent their attorney and they did themselves not show up. They did work out terms, but again, the borrower did not comply with them. In the second mediation, the borrower was seeking zero percent interest and to have all taxes and insurance paid, which did not work out.

In short, even though this data is not yet complete, it seems pretty clear that we are not seeing the FMP benefit credit union members. With the relatively small portfolios that credit unions hold, each property that is tied up for an extra four months or even longer has a real negative impact on our members in the form of higher interest rates or fees.

If credit unions cannot be exempted from the FMP and the FMP is extended through this bill, we would need to find ways to improve it. We are actively working with legal aid and the bill's sponsors on some amendment ideas that would add clarifications and streamline the process. We are very much in support of what Senator Harris is talking about: the creation of an electronic portal that would allow all documents and certificates to be available and filed electronically. We believe that will make the process much more efficient for both homeowners and lenders. We are hopeful that, with some amendments, we can make this a more efficient and effective process for everyone's benefit. However, we are opposed to the bill at this time.

SENATOR FORD:

I feel I have to reiterate a statement that I have made before. I cannot think of a good public policy reason to exempt any financial institution that is already bound to the FMP, from it. I understand that there have not been many mediations recently. To me, that fact actually keeps me in favor of keeping the credit unions in, because you will not be as affected as some other industries. I cannot see a circumstance where I would be amenable to exempting credit unions from the FMP.

MS. GAYNOR:

I appreciate that.

SAMUEL P. MCMULLEN (Nevada Bankers Association):

I think our purpose in testifying today is to make sure that we are really analyzing whether the FMP is really necessary under current circumstances.

These programs can sometimes be quite valuable when they are created, but may not be as necessary today.

In the history of this, we have found out that there are a lot of reasons why people come to mediation. Sometimes, it is not to mediate. It could be to try to figure out how to stay in the house longer. We understand that. There is a clear issue for us regarding qualifying people who are serious about mediation and those who are just using it as a delay tactic. Frankly, when the FMP was created, it was used more as a delay tactic than anything else.

Our second objection, which I think goes to the heart of our argument, is that the chances that we will see a major upheaval like we did in 2007 and 2008 are increasingly slim. I believe the caseload numbers of the FMP reflect this. There are things in place now that were not there in 2008. There are more statutory requirements at both federal and local levels that have implemented programs that accomplish the same goals as mediation. We use those as a part of our best practices, and have done so now for years. We have stepped up.

I remember the days when we would get calls from U.S. senators asking us to bring bankers together to meet with them to help people. It is part of the bankers' economics and their business model. The bankers do not benefit from loans going bad and from homes going under. None of that is good for anyone. I think the proof is in the pudding. If you look at the last few years, for many people in abandoned or foreclosed-upon homes, it is not in the bank's interest to compromise property values.

There are natural market forces that make sure protections for people and for customers exist. I think a lot of people believe banks do not care about their customers. We do. If you look at what happened in 2008, if we had moved forward on all the foreclosures that we were looking at, because of defaulting homeowners, we would have basically cratered the value of the whole market. That means cratering the value of people's retirement and community assets.

With a glut of properties on the market, nothing would be accomplished except we would have reduced and removed the value of a lot of houses. I think that is proof that banks are not the greedy people that we are sometimes made out to be. They are staffed by smart business people who have customers they want to keep. They do not want to bury the customers.

There was an interesting letter filed by the Creditors' Rights Attorney Association of Nevada. Eleven percent of all NODs went to mediation. Fourteen percent of NODs received some form of modification. We are required to undertake a process with the homeowners to figure out how to make sure that points of contact are established, and that the homeowners have information about what their options are. We do this willingly. This can happen at the federal level. Rules are already in place that are almost exactly what the FMP requires.

I would like to suggest that, if the FMP continues, we set a sunset date for it. I think it needs to be continuously evaluated to see if it does work itself out of existence in terms of demand. I would ask the Committee to look at S.B. 321 of the 77th Session. Sections 10 through 13 of that bill set the requirements of the law. We follow those. We think a better use of the money in S.B. 490 would be for financial literacy programs. The banks found that people did not understand a lot of the concepts that were critical to their decisions.

CHAIR WOODHOUSE:

Seeing no one else wishing to testify in opposition to S.B. 490 and no one who wishes to testify in the neutral position, we will have Senator Harris make her closing comments.

SENATOR HARRIS:

I would just like to respond to some of the concerns that were raised by the opposition. With regard to the financial counseling and education that the representative of the banking industry referred to, part of the FMP includes free Housing and Urban Development counseling that helps homeowners figure out what they need to do to get themselves out of the financial situation they are in. There is currently no expense for that kind of counseling. It is freely available.

With regard to S.B. 321 of the 77th Session, I would point out for the Committee that all that bill did was essentially codify existing banking process with regard to loan modifications. I can understand why they would not want that process to be changed. I am not convinced, having represented homeowners in this process, that bill was helpful to homeowners in the way that legislators intended. It made my job as a homeowner advocate much more difficult. It did not hold the banks' feet to the fire in terms of only having one

representative deal with a homeowner because the homeowners did have to deal with more than one individual.

Finally, I would refer to actions during the 78th Session. We had a foreclosure mediation bill that allowed people at risk of default to opt into mediation early so that they could attempt to work out a modification with lenders before they reached critical mass. That provision is new; we have only had it for two years. It was designed to prevent people from resorting to stalling tactics.

CHAIR WOODHOUSE:

That will conclude our hearing on S.B. 490. We will now hear testimony on S.B. 443.

**SENATE BILL 443**: Makes an appropriation for the transfer of contracted sign language interpreter positions to state employee positions. (BDR S-145)

MR. SASSER:

I am presenting this bill at the request of Senator Hardy, who chaired the interim Committee on Senior Citizens, Veterans and Adults With Special Needs. This bill attempts to correct a problem that exists because, right now, there are four positions that are considered contract positions in the State for interpreters.

We have not filled those roles as we meant to because, as I understand it, the State has had a hard time recruiting and retaining people for these contract jobs. They believe that if they could offer State positions, they would be more successful in having the four interpreters.

This is essentially a pool of sign language interpreters to work with the deaf and hard-of-hearing community to give them equal access to State services. They are vitally needed. As a result, we often have to use out-of-State interpreters who cost more money. I believe the Division of Aging and Disability Services is here to testify on the fiscal aspects of this bill.

GARY W. OLSEN (President, Nevada Association for the Deaf; Subcommittee on Communication Services):

I am here to support this bill because it is critically important for deaf people in this State. It is important not just for the deaf, but for the legislators and others who need to communicate with deaf persons. Business, education and other

realms all need this. I think it would be a great asset to the State and is something I would like to see happen now.

It has been delayed enough times, and there has been enough time wasted on the issue. I wanted to let you know that the deaf community, including the Nevada Association for the Deaf and the Subcommittee on Communication Services, really do support it and want it badly. I am hoping that you can help with it. Thank you.

ELLEN THOMPSON (Nevada Association for the Deaf; Subcommittee on Communication Services):

I am in support of this bill for the interpreter pool. Thank you for your consideration.

CHAIR WOODHOUSE:

Seeing no one else wishing to testify in support of S.B. 443 and no one who wishes to testify in opposition to it, I will open the hearing up for those wishing to testify in the neutral position.

JILL BERNTSON (Deputy Administrator, Aging and Disability Services Division, Department of Health and Human Services):

These positions are currently funded through Public Utilities Commission money with a telephone surcharge. We have the funding for these positions, so the money allocated through the General Fund for this bill is not needed. If the positions were created, we already have the funding to support them.

SENATOR KIECKHEFER:

Is the issue that you do not have the positions authorized? Is that what is stopping you from filling them?

Ms. BERNTSON:

That is correct. We have the funding and have used that funding for four contracted sign language interpreter positions. We have been unable to fill those positions. Over the last biennium, we filled one of those positions with a part-time worker. People in the community tell us that if they cannot receive benefits for these positions, it is not worth it to them to fill them.



SENATOR KIECKHEFER:

Do you feel confident that you would be able to hire people if the status of the positions were as full-time State employees? Do you think you would be able to fill all four positions if this was the case?

MS. BERNTSON:

That is the feedback we have gotten. I do feel more confident that we would be able to do so.

SENATOR KIECKHEFER:

Can you remind me where the funding for this is available?

MS. BERNTSON:

It is a telephone surcharge levied through the Public Utilities Commission.

PETER LONG (Administrator, Division of Human Resource Management, Department of Administration):

I have provided for the record a copy of my testimony today ([Exhibit F](#)). I will now read my remarks regarding this bill from [Exhibit F](#).

CHAIR WOODHOUSE:

That will conclude our hearing on S.B. 443. The Committee will now hear testimony on S.B. 418.

**[SENATE BILL 418 \(1st Reprint\)](#)**: Revises provisions relating to air pollution.  
(BDR 40-970)

SENATOR PAT SPEARMAN (Senatorial District No. 1):

First, I would like to provide a little background for this legislation. I am sure that all of you are aware of the litigation between the U.S. Department of Justice and the Volkswagen Corporation regarding Volkswagen's improper installation and use of emissions-testing devices in vehicles. During that litigation, the U.S. District Court for the northern district of California recently approved two partial consent decrees.

One provision of these decrees requires Volkswagen to fund a Mitigation Trust Fund for projects to offset the excess nitrogen oxide emissions caused by their vehicles. Another provision requires Volkswagen to direct \$2 billion of

investments over a 10-year period to support the increased use of technology for zero-emission vehicles.

The purpose of S.B. 418 is to ensure that the State has an adequate plan to effectively expend any proceeds from this or similar litigation. It is important to note that *Nevada Revised Statutes* (NRS) 353.249 requires that all money which belongs to the State be deposited in the State Treasury. The *Constitution of the State of Nevada* prohibits any money from being drawn from the Treasury unless the money is appropriated or authorized for expenditure by the Legislature.

Therefore, the money from the settlement must be authorized for expenditure by the Legislature before it is expended. The main provisions of the bill include section 6, which declares that the priority of the Legislature in expending proceeds from this or similar litigation is to: prevent, reduce or control air pollution throughout the State; assist schools and school districts to replace or repower school buses to reduce emissions of nitrogen oxides and other hazardous air pollutants; and to construct publicly-available electric vehicle charging stations and hydrogen fueling stations.

Section 7 requires proceeds received by the State from this or similar litigation be deposited in the Fund for the management of air quality within the State General Fund.

Section 8 requires Nevada's Division of Environmental Protection (NDEP) to establish a method for annually evaluating school bus fleets in the State and rank them based on emissions criteria. It also requires the Division to develop policy and procedures for owners or operators of school buses in the State to apply for money from this Fund to replace or repower school buses in order to reduce emissions. Finally, it allocates the money available in the Fund each year for that purpose.

The Division will also, in cooperation with the Nevada Department of Transportation and the Governor's Office of Energy, determine those areas in the State where installation of publically available electric vehicle charging stations and hydrogen fueling stations would have the maximum impact on encouraging the use of zero-emission vehicles. They will also allocate the money available in the Fund each year for that purpose.

Finally, NDEP must submit reports to the Governor and Legislature setting forth the allocations from the Fund, may adopt regulations and take any other actions necessary to carry out its duties. Section 13 of the bill requires NDEP to prepare a beneficiary mitigation plan as required by the litigation which enacts the intent of the Legislature to use the money to replace or repower school buses and to construct and install publically available charging and hydrogen fueling stations.

Thank you for considering S.B. 418. I believe I am providing a proactive plan for our State to spend the money it may receive from Volkswagen litigation. We will be able to most effectively reduce emissions of hazardous air contaminants and support the increased use of technology for zero-emissions vehicles.

SENATOR KIECKHEFER:

I know that there are a couple of different settlements. Will this bill dictate how we spend the settlement money from both settlements? What other options are there within the settlement agreements that would be applicable uses of the money?

SENATOR SPEARMAN:

There could be other uses. Section 6 of this bill includes language that dictates that this legislation does not just apply to the Volkswagen settlement but other similar settlements that could come down. What this legislation does is set up a Legislative infrastructure as to how our priorities in spending money like this are developed.

We started with school buses because one of the main caveats of the settlement money is that it has to be used to make sure we are reducing emissions Statewide. School buses are the one area in which we know that emissions are present all over the State and, equally important, these are school buses that our children are riding in. I thought it was important for us to focus first on that.

Another reason for doing so is because our school districts have been replacing their buses in Washoe and Clark Counties. However, some of the rural areas do not have the money to do so. When a district replaces a school bus, they send the used bus to a smaller school district. That is good, except that many of those used buses passed along do not have the same type of emissions-reducing systems. This bill will focus on making sure our school buses Statewide are retrofitted with the emissions systems they need to reduce

the amount of contaminants in the air, and it will protect our children from some of the respiratory risks of poor air quality.

SENATOR KIECKHEFER:

Do we know how much the State is going to receive in each of these two Volkswagen settlements?

SENATOR SPEARMAN:

What we know is that we will probably, over the next ten years, have a little over \$2 million. That is just from the Volkswagen settlements. We will get the first part of the settlement money over the first three years. The rest of it will come in approximately three-year increments up until the ten years have passed.

However, there are other settlements that are in the works from other manufacturers. Because those settlements have not been finalized and are still in the courts, this bill will create the Legislative infrastructure so that when we receive that money, we will have the priorities and systems for expending that money already in place.

CHAIR WOODHOUSE:

The Committee will now hear testimony from those in support of this legislation.

BRAD KEATING (Legislative Representative, Clark County School District):

I worked closely with Senator Spearman on this bill and to make sure that it helps school districts across the State. Since 2012, in Clark County, we have purchased 775 buses utilizing low-emissions technology. We have another 200 buses pending purchase over FY 2017-2018. Even with these 975 buses, there are still 1,075 buses in the fleet that do not employ this technology. The school district will need to purchase additional buses in order to reduce its noxious emissions in the years to come.

We think that, over the next four to five years, we will be able to replace the entire fleet of buses that do not have this technology. This legislation helps us accomplish the process quicker. It will let the rural school districts reduce their noxious emissions more quickly as well.

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MARY PIERCZYNSKI (Nevada Association of School Administrators; Nevada Association of School Superintendents):

We want to thank Senator Spearman for this bill. We need to look at our school bus emissions and recognize the importance of clean air for our children. We are in support of the bill.

SENATOR KIECKHEFER:

There were two fiscal notes attached to this bill originally. I do not know whether they were removed under the first revision of this bill.

CHAIR WOODHOUSE:

I think one of them has been removed. I would ask Senator Spearman to address the other one.

SENATOR SPEARMAN:

It is my understanding that the fiscal notes that are attached to this bill will be eliminated before this bill goes to the Floor. Both of the fiscal notes should be gone shortly after this bill goes out of Committee. I will keep the Committee apprised of when that happens.

CHAIR WOODHOUSE:

We have received an email from the State Treasurer's Office that indicates they have removed their fiscal note ([Exhibit G](#)). We have not heard anything as of now from the Department of Conservation and Natural Resources (DCNR).

SENATOR SPEARMAN:

That is correct. I met with DCNR last week. They already have the infrastructure in place to do what this legislation requires. They would not have to hire anyone else. The only thing this bill would do is help us to comply with our Constitutional duty, which is to authorize the expenditure of the funds. We are not talking about new staff or new software, we are simply talking about setting up an infrastructure. The DCNR will comport with the Legislature's desires with respect to how we want to spend the money.

CHAIR WOODHOUSE:

I would ask that you follow up with both agencies so that the Committee has a formal acknowledgement that their fiscal notes have been removed.

That will conclude our hearing on S.B. 418. We will now hear testimony on S.B. 458.

**SENATE BILL 458 (1st Reprint)**: Revises provisions relating to the development and operation of the statewide longitudinal data system. (BDR 34-331)

BRIAN L. MITCHELL (Director, Governor's Office of Science, Innovation and Technology):

This bill is based on recommendations approved unanimously by the Interim Legislative Committee on Education. It changes the management structure of the Statewide longitudinal data system to align with the Governor's workforce strategy.

The bill creates the Nevada P-20W Research Data System (NPWR) advisory committee that will be made up from representatives from the Nevada System of Higher Education (NSHE), the Department of Education and the Department of Employment, Rehabilitation and Training. Those are the same three entities that make up NPWR now.

The bill also outlines the purpose of the Committee, specifically requiring it to support the Office of Workforce Innovation, develop and oversee NPWR's agenda and data, develop a research plan, and provide advice and grants for budgets and operations.

The reason I am present here today is to clean up the bill. I have submitted a proposed amendment for S.B. 458 for the Committee's review ([Exhibit H](#)). [Exhibit H](#) is a very short amendment that deals with section 3, subsection 6 of the bill.

That subsection states that "members of the Committee serve without compensation and are not entitled to travel or per diem expenses."

[Exhibit H](#) proposes to eliminate that subsection. The reason for doing so is that, in the NPWR budget, there was an enhancement unit built in to provide for travel for the three agencies involved in NPWR. [Exhibit H](#) would clean the bill up to allow the three agencies to use that funding for travel.

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CHAIR WOODHOUSE:

The Committee will now hear testimony from those wishing to speak in support of S.B. 458.

LINDA HEISS (Senior Director of Institutional Research, Nevada System of Higher Education):

We have been able to use NPWR to build some really powerful reports looking at things like the preparedness of high school graduates. We also look at continuation and performance of high school graduates by district and high school, their continuation persistence, remediation and graduation rates. We can break that information down by ACT score, diploma type, gender, ethnicity, highest level of specific classes completed and others.

We have also done a lot with workforce outcomes for NSHE graduates. That is powerful information. We run supply and demand reports, salary outcome and employment outcome studies. We can determine how many graduates are employed in each major. We are now targeting high school kids and individuals reentering the workforce with a great new project, Career Paths Nevada. We are going to target occupations and academic programs for high-demand occupations that our new industries are bringing in.

In conclusion, we are in support of this legislation and of [Exhibit H](#).

CHAIR WOODHOUSE:

Seeing no one who wishes to testify in opposition to or in neutral on S.B. 458, I will close the hearing on this bill. The Committee will now hear testimony on S.B. 498.

**SENATE BILL 498 (2nd Reprint)**: Revises provisions relating to mortgage brokers and mortgage bankers. (BDR 54-484)

MARCUS CONKLIN (Nevada Mortgage Lending Association):

This bill was heard in the Senate Committee on Commerce and Labor. It was substantially amended. There were a ton of provisions in the bill that combined NRS chapters 645B with 645E, creating one license of loan mortgage initiator. That was the provision that triggered the fiscal note. All of those provisions have since been amended out.

What we have now is a bill that does four things. It eliminates the State-specific continuing education requirement for mortgage lenders and mortgage bankers. This is the requirement for training and education on State law on an annual basis. As you know, State law does not change every year. In fact, it hardly ever changes. What happens is people take the same class over and over to satisfy the continuing education requirement. There is no real advancement in education taking place.

The second thing this legislation does is to allow the Mortgage Lending Commissioner to waive the monthly reporting requirement, provided substantially similar information becomes available. This regards the National Mortgage Licensing System which all mortgage lenders report to on a national level. That database is evolving; more and more information is becoming available through it. It will be redundant to continue the monthly reporting because the Mortgage Lending Commissioner will already have access to that data. This provision allows, when all the data becomes available, the elimination of the monthly reporting requirement.

The third thing this legislation does is to allow the Commissioner to conduct examinations at his or her discretion. Currently, they are required to conduct an annual examination. That examination is the strictest in the Nation. It has been around since the early 1990s. It is way out of step with regulations across the Nation. There was documentation provided during the original bill hearing that shows the actual requirements of other states.

Most states—I believe it is 33 states—have no examination requirement other than at the discretion of their Mortgage Lending Commissioner. We are asking to make that the situation in Nevada.

Finally, this bill would redefine “commercial mortgage loan” to coincide with federal regulations set forth in the Truth in Lending Act.

That is all this bill does. There is a letter that has been submitted for the Committee from the Division of Mortgage Lending that removes their fiscal note for this bill ([Exhibit I](#)).

On behalf of the Mortgage Lending Association, we have worked hard through the Interim with the Division of Mortgage Lending on many of these provisions and we appreciate their willingness to sit down with us and help streamline



these processes and create opportunities. We are very pleased with the final product.

CHAIR WOODHOUSE:

Seeing no others who wish to testify in support of S.B. 498, and no one who wishes to do so in opposition to or in neutral to this bill, I will close the hearing on this bill. The Committee will move on to S.B. 500.

**SENATE BILL 500**: Revises provisions relating to the Housing Division of the Department of Business and Industry. (BDR 18-909)

STEPHEN AICHROTH (Administrator, Manufactured Housing Division, Department of Business and Industry):

This bill consolidates the Manufactured Housing Division (MHD) and the Housing Division. This bill is designed to improve the services that both divisions provide to residents of Nevada. This includes combined administrative and inspection services, access to programs which allow for the development and preservation of manufactured housing and extended outreach to residents, including the creation of the Affordable Housing Advocate position.

Today we would like to discuss the fiscal implications of the merger. For background, I am going to provide a budgetary snapshot of the divisions as they exist now. The MHD currently has four budget accounts. Three out of the four have deficits or issues associated with them. The first of these budgets is budget account (B/A) 271-3814.

B&I - Manufactured Housing — Budget Page B & I-229 (Volume II)  
Budget Account 271-3814

This is the operational budget for MHD. This is funded primarily by licensing, permitting and title fees collected by the Division. Per Legislative Counsel Bureau (LCB) fiscal analysis calculations, this budget will not be solvent beyond FY 2018-2019 absent the merger or some other action taken. In order to keep the account solvent, fees would need to be increased cumulatively 12 percent, to generate an additional \$114,000 annually.

The next budget account under financial stress is B/A 630-3842.

B&I - Mobile Home Lot Rent Subsidy — Budget Page B & I-236 (Volume II)  
Budget Account 630-3842

This account provides qualified recipients monthly rental assistance for their lot space, up to \$150 a month. These recipients own their homes, but rent the space underneath their homes, and they are the most vulnerable to increasing rent pressures. For the Committee's information, 138 households out of 139 that receive assistance are fixed-income residents who, on average, have an annual income of \$9,300.

This budget is funded by a \$12 per space fee paid by the manufactured home communities annually to the MHD. This has been in statute at this level since 1995. Using LCB fiscal analysis staff calculations, the lot rent subsidy budget would be insolvent in the 2017-2019 biennium. In order to keep this account solvent, absent the merger or some other action, fees would need to be increased by 25 percent, or we would need to remove approximately 50 recipients off the program to reduce costs by \$79,000 annually.

The last budget account facing financial difficulty is B/A 271-3843.

B&I - Mobile Home Parks — Budget Page B & I-241 (Volume II)  
Budget Account 271-3843

This budget provides for the handling of landlord-tenant complaints and the investigations into those complaints. This budget is funded by a \$5 per space fee paid by the manufactured home communities annually to the MHD. The fee has been unchanged since 1995 as well. Once again, LCB fiscal analysis staff calculations show this budget would not be solvent beyond FY 2018-2019.

To address the deficits of this budget, absent the merger or some other action, the current two full-time equivalent investigator positions would have to be reduced to a single full-time equivalent investigator and one part-time investigator in the second year of the 2017-2019 biennium. The reality of the situation is that a part-time position would be unable to be filled, and would most likely remain vacant.

To retain the current staffing levels and keep the budget solvent would require a 40 percent increase in fees needed to generate an additional \$55,000 annually. The raising of all the fees to retain the current level of services the MHD

provides totals \$250,000 annually. Increasing fees can ultimately result in increased expenses for the residents. To deal with these issues, section 24 of S.B. 500 creates a new budget account, B/A 101-3845.

B&I - Housing Inspection & Compliance — Budget Page B & I-126 (Volume II)  
Budget Account 101-3845

This account is where the three previously mentioned budget accounts as well as the previously unmentioned and solvent education and recovery account, B/A 271-3847, will become a part of the new Housing Inspection and Compliance account.

B&I - Mfg Housing Education/Recovery — Budget Page B & I-246 (Volume II)  
Budget Account 271-3847

This budget account will encompass all of the regulatory functions currently performed by both the MHD and the Housing Division. This will include the complaint and investigation process, licensing and inspection processes for both divisions and the compliance and audit functions in regards to the Division's weatherization and tax credit programs.

By absorbing these accounts into B/A 101-3845, the MHD will be able to retain the services of our two investigative officers. For the upcoming biennium, we will also be able to avoid the 12 percent increase in licensing, permitting and inspection fees and the 40 percent increase in fees that support the Mobile Home Parks funding.

The budget for the lot rent subsidy program will be placed into the Housing Division's low income housing trust fund account, B/A 101-3838.

B&I - Low Income Housing Trust Fund — Budget Page B & I-108 (Volume II)  
Budget Account 101-3838

The lot rent subsidy portion of this account will be a separate category within this budget account for complete transparency regarding its revenue and expenditures.

Section 28 of S.B. 500 states that the Housing Division can contribute up to \$75,000 annually from the account for low-income housing, which is in addition

to the lot rent subsidy fee already collected. This will provide funding to continue this program and eliminate the immediate need for the 25 percent increase in the fees that support it.

There is a proposed amendment to this bill ([Exhibit J](#)) which we have submitted for the Committee's review. [Exhibit J](#) clarifies the flow of funds between all the funding sources in the new budget account. It also reflects the industry's and the homeowners' desires to leave the fees that fund the subsidy and the mobile home parks budget in statute.

Housing affordability is a critical issue facing many Nevadans and part of the solution is hiding in plain sight. The use of manufactured housing to address the affordability issues is part of the solution. With the resources of the combined divisions, including the new affordable housing advocate position, we feel the State will be in a much better position to deal with, and develop creative solutions to, this problem.

SENATOR KIECKHEFER:

I know that these budget accounts were created individually over time to separate their functions and to make sure the revenue streams into them served the appropriate needs. By incorporating them into one and blending the functions, are we going to be charging fees on people for services they may not be receiving?

MR. AICHROTH:

I do not foresee that. The fees are typically assessed when a permit is pulled or a title is issued. The fees usually require an individual action.

SENATOR KIECKHEFER:

Is the one solvent budget account in the MHD going to be subsidizing the services that were previously provided by the other accounts?

MR. AICHROTH:

It should solely support the educational and recovery account funds that the MHD has established.

SENATOR KIECKHEFER:

I feel like I am not communicating my intent clearly. I want to make sure that the fees that we are charging are appropriate for the services funded by those

fees. When we blend funding sources into one account as well as the services, then there is a shift in terms of which fees cover which services. I want to make sure we are not charging people to cover a service that they are not receiving.

CJ MANTHE (Administrator, Housing Division, Department of Business and Industry):

Within the Housing Division, we have three accounting staff as well as a chief accountant. This allows us to do very sophisticated accounting. What we do to track activities at the minor level is to create different job-costing codes. We can track and make sure everything is aligned from a revenue and expense standpoint. We make sure that the fees that are set really align with the expenses generated by a specific activity.

SUSAN FISHER (Nevada Housing Alliance):

I represent the licensed manufactured home dealers in Nevada. We have actually been advocating for this merger for six or so sessions. We are happy to see this bill here today. Combining the MHD into the Housing Division makes for a lot more opportunity to share services, inspectors and federal funding. We feel like these opportunities will help some of our customers as well. We urge you to pass this legislation.

ALISA NAVE-WORTH (Manufactured Home Community Owners' Association):

We have been working with the MHD this entire Session on this issue. As initially drafted, the bill would have also placed the fees associated with funding into regulation and out of statute. We had major concerns with that. They have worked with us on that, and [Exhibit J](#) keeps those fees in statute.

We also have concerns about the fiscal handling of the lot rent subsidy program, and we look forward to working with this Body and the MHD to make sure the integrity of those funds are protected. We could not find a mechanism with which to limit the administrative uses of those funds; however, the MHD has been very gracious and transparent about what has happened to those funds and how they would be protected as we move forward.

We know that this has been a difficult conversation but we believe that, in order to maintain the integrity of the MHD and the services they provide, this merger is necessary. We want to applaud the work of the MHD in being so responsive to the industry, the owners and the residents.

CHAIR WOODHOUSE:

Seeing no one else who wants to speak in support of S.B. 500, and no one who wishes to testify in opposition to it, I will open the hearing to those who wish to testify in the neutral position.

MR. SASSER:

I am fairly new to this discussion, but I was invited to a meeting about this issue recently. We took a look at this merger. Basically, I think there is a lot of fear among some of the homeowners, especially seniors, that this will change from working with a fairly small division of fourteen employees to having to deal with a larger division. They worry that some focus or sensitivity may be lost in translation.

On the other hand, it seems clear to me that this is an unsustainable situation. The revenues are not expanding or growing. There has not been a new mobile home community built in Las Vegas for years. Costs go up and revenues stay flat or decrease. The Legislature has two choices; either spend General Fund money on the MHD to the tune of \$250,000 a year and keep the smaller body, or move ahead with the merger. There are potentially some advantages to the merger. I certainly support the advocate position and the saving of \$75,000 for the rent lot subsidy program.

We are in neutral. It is a hard decision to make. Is it worth changing the funding stream over to the General Fund? If not, the merger seems like the only other option.

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CHAIR WOODHOUSE:

That will conclude the hearing on S.B. 500. Seeing no one wishing to offer public comment, I will adjourn this meeting as of 6:42 p.m.

RESPECTFULLY SUBMITTED:

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Colby Nichols,  
Committee Secretary

APPROVED BY:

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Senator Joyce Woodhouse, Chair

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

| <b>EXHIBIT SUMMARY</b> |                                 |    |  |   |
|------------------------|---------------------------------|----|--|---|
| <b>Bill</b>            | <b>Exhibit /<br/># of pages</b> |    | <b>Witness / Entity</b>                                  | <b>Description</b>                                    |
|                        | A                               | 2  |  | Agenda  |
|                        | B                               | 5  |  | Attendance Roster                                     |
| S.B. 229               | C                               | 1  | Senator Harris   | Remarks   |
| S.B. 490               | D                               | 2  | Senator Harris   | Remarks   |
| S.B. 490               | E                               | 44 | Senator Harris   | Proposed Amendment 4788                               |
| S.B. 443               | F                               | 3  | Peter Long / Division of<br>Human Resource<br>Management | Testimony in neutral                                  |
| S.B. 418               | G                               | 1  | Budd Milazzo / Office of the<br>State Treasurer          | Letter removing fiscal note                           |
| S.B. 458               | H                               | 1  | Brian L. Mitchell / Office of<br>Workforce Innovation    | Conceptual amendment<br>Proposed by Manny Lamarre     |
| S.B. 498               | I                               | 1  | Marcus Conklin / Division of<br>Mortgage Lending         | Letter removing fiscal note<br>signed by Cathy Sheehy |
| S.B. 500               | J                               | 9  | Stephen Aichroth / Housing<br>Division                   | Conceptual Amendment<br>Proposed by CJ Manthe         |