

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON JUDICIARY**

**Eighty-Second Session
June 4, 2023**

The Committee on Judiciary was called to order by Chair Brittney Miller at 2:12 p.m. on Sunday, June 4, 2023, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Brittney Miller, Chair
Assemblywoman Elaine Marzola, Vice Chair
Assemblywoman Shannon Bilbray-Axelrod
Assemblywoman Lesley E. Cohen
Assemblywoman Venicia Considine
Assemblywoman Danielle Gallant
Assemblyman Ken Gray
Assemblywoman Alexis Hansen
Assemblywoman Melissa Hardy
Assemblywoman Selena La Rue Hatch
Assemblywoman Erica Mosca
Assemblywoman Sabra Newby
Assemblyman David Orentlicher
Assemblywoman Shondra Summers-Armstrong
Assemblyman Toby Yurek

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Dina Neal, Senate District No. 4

Minutes ID: 1355



STAFF MEMBERS PRESENT:

Diane C. Thornton, Committee Policy Analyst
Bradley A. Wilkinson, Committee Counsel
Devon Kajatt, Committee Manager
Aaron Klatt, Committee Secretary
Ashley Torres, Committee Assistant

OTHERS PRESENT:

Matt Morris, representing Nevada Registered Agent Association

Chair Miller:

[Roll was taken. Committee rules and protocols were explained.] Welcome, everyone, to Assembly Judiciary. We are moving quickly through the process today, so I am going to go ahead and open the hearing on Senate Bill 395 (2nd Reprint). Senator Neal, thank you for coming to present this bill. We know that Senate is going to floor soon so we will try to make this as swift as possible. With that, your hearing is open, and please proceed.

**Senate Bill 395 (2nd Reprint): Revises provisions relating to real property.
(BDR 10-288)**

Senator Dina Neal, Senate District No. 4:

Senate Bill 395 (2nd Reprint) does two things. First, the public policy goal was to limit the aggregate purchase of investors and corporations in Nevada because we have a housing crisis where regular people have had to compete with corporations in order to buy homes. The second part of the bill creates a registration through the Securities Division of the Office of the Secretary of State. I worked with the Secretary of State, realtors, and builders over the summer to come up with this particular piece of legislation.

The registration basically states that you must register with the Securities Division and when you go to file, your deed must match what you recorded at the Secretary of State's Office. It also adds a provision within the deed, because normally on a deed, you do not have an investor piece. This adds an investor to become a part of the actual deed. The whole purpose is so we can know and figure out who is playing—we know who is playing—but we also want to be able to identify how many are here and make sure the aggregate number is met, which will be checked by the Securities Division. With that, I will open myself up for questions.

Assemblyman Yurek:

I have had a really quick read of the bill, and what you just said is, this is an effort to stop these large limited-liability companies (LLC) or corporations coming in as investment groups and overwhelming our residential areas. As I read through the bill, my concern is that it looks like it would include small investors. For example, I own an LLC that owns some

residential property, but nowhere close to a thousand units. However, this looks like this would mandate that I also have to register with the Securities Division, pay the fees, and all of that. Is your intent to capture somebody like me in this bill?

Senator Neal:

No, and I know we had an exclusion if it was a family trust company. That is pretty much the only exclusion unless it is a housing authority-defined property. We know who we are going after; there are certain SEC [Securities and Exchange Commission] filings where there are larger corporate investors. Therefore, the intent is not to go after the mom-and-pops, but if they are in the registry, then they will just be a part of the data. However, that is not who we are going after or who we have been focused on. The reason why I did not do an exhaustive list of what is a 501(c)(6) or 501(c)(7) is because I would have had a really long list.

Assemblyman Yurek:

I am not opposed to what your intentions are, but my concern is, as drafted, it might include the mom-and-pops. Specifically, it references an LLC in section 1, subsection 8, paragraph (b), and it references *Nevada Revised Statutes* 86.061, which I know is just regular LLCs. Then if you go back to section 1, subsection 4, it basically says an LLC—which would incorporate somebody like me—has to register with the Securities Division before purchasing any unit or residential property. Then, also in section 1, subsection 3, it talks about just owning residential property. Therefore, I think that as it is drafted, it is probably going to grab in unintended parties, and I would encourage you to consider narrowing that if that is not your intent.

Senator Neal:

We are only looking at who is intending on purchasing after the effective date. Okay, whatever is the will of this Committee. It is deadline day tomorrow. Ultimately, that was not who we were looking at or who we intended to capture. We went over and over this at the Securities Division and there are only certain particular companies who we are interested in that were doing mass aggregate purchases. That is the intent.

Assemblywoman Gallant:

I almost feel like this could be a possible answer to Assemblywoman Considine's bill she put forth in the Committee on Revenue that would require real estate investment trusts (REIT) to be part of the commerce tax, because we are having issues with REITs and pushing out that middle class home ownership. I will also ditto the concerns of Assemblyman Yurek, because LLCs are a way that we protect our investments. Therefore, if there is something we can do to make sure those mom-and-pops are not included, I would be interested in that.

Georgia and Hawaii have done something like this as well, and my question is, have you looked at what they have done? Do they exclude mom-and-pops? If they do, then maybe they have wording that would be quick and easy.

Senator Neal:

I looked at several states that have done some form of limiting investor purchases such as foreign investor tax, et cetera. I have read the research about the mom-and-pops and the market share around those groups, so I actually understand that. I do not know what the timeline on turning something around would be and I do not know what the language would be to exclude a mom-and-pop group because they are not defined in statute; they are not defined anywhere. Therefore, the only way to limit it is with similar language that I had in another housing bill where if your ownership was less than five dwellings, then that group would be excluded. That way there is this limit they could fall under. Typically, mom-and-pops are doing it as an investment strategy to build wealth. They might have three, four, or even five properties, so what I put in this other bill was a cap that if you fell below the threshold of five properties owned, the measure did not apply.

Assemblywoman La Rue Hatch:

I think this is a critical bill to address an issue in our communities. Do you have numbers, approximately, of how many units are currently being bought by corporations that are causing these housing issues?

Senator Neal:

I worked with University of Nevada, Las Vegas' Shawn McCoy, who is a researcher at the Lied Center for Real Estate. He gave me research that is his own personal research, and he is not speaking on behalf of the Lied Center for Real Estate. I did not load this into the exhibits because the bill just moved yesterday. We looked at the data and the aggregate number that have been purchased and it is well over a thousand. I can send you his data, but I know that the number was well over at least 10,000 units. There was a certain point in the market in 2007 where we hit a market swoop where we were competing and doing foreclosures, but that was because of the bad mortgages. Then we have the second wave that is happening because, with the low interest rates, investors could come in and buy swaths of property. Then regular, middle class homeowners were competing with corporate investors who were coming in and paying cash. I looked at that research—which I will have to share with you because I cannot bring it up right now—and I needed to figure out what was the number.

Initially in the bill, I had 100, but knowing that we are in the lull of the market where we are not in that space where it is getting heated, I wanted to at least have this provision for the next peak. Depending on where you are and which county you are in, this could be a very different aggregate number, but I needed to start somewhere because this is a new policy. If I say 10,000, what does that look like in an area that only has 10,000 available units? What does that mean when you only have 9,000 available units and families are seeking to compete with that number? Therefore, I went with 1,000 because it seemed like it was not too much but not too little.

Chair Miller:

That concludes our questions. We will go ahead and move into testimony. Is there anyone wishing to testify in support of Senate Bill 395 (2nd Reprint)? [There was no one.] I will now open it up for testimony in opposition to Senate Bill 395 (2nd Reprint).

Matt Morris, representing Nevada Registered Agent Association:

We are respectfully opposed to the bill mostly because of the language being, what we perceive to be, overly broad. We are worried about unintended consequences and the fee and registration provisions capturing entities that are not intended to be captured. We appreciate the intent of the sponsor, and we are happy to work with the sponsor on an amendment. We tried to get down here without much notice, so apologies for that.

Chair Miller:

Again, we know how the times and schedules work at this point, so we apologize for our short notice as well. Anyone else in opposition? [There was no one.] Then I will open it up for neutral testimony. Is there anyone wishing to testify in neutral of Senate Bill 395 (2nd Reprint)? [There was no one.] Senator Neal, do you have any closing remarks?

Senator Neal:

Thank you for hearing the bill. I just sent Assemblywoman La Rue Hatch the investor data summary from Mr. McCoy, and she can share that with the rest of the Committee. I have not heard from the gentleman who came up and opposed, so I will figure that out, but there is not a lot of time. What I can do is at least put in the mom-and-pop exemption. We know, specifically, that the intent of this from the Securities Division is only those particular folks who are actually going around purchasing properties in large amounts.

Chair Miller:

With that, I will go ahead and close the hearing on Senate Bill 395 (2nd Reprint). Next, we will go into a work session for Senate Bill 395 (2nd Reprint). I will have Ms. Diane Thornton, our policy analyst, walk us through the bill.

Change of plans; we are not going to work session the bill right now because we are waiting on definitive details on what the Senator spoke on. With that, I will open it up for public comment.

[There was no public comment.]

With that, we will go ahead and go into recess.

[Recess to the call of the Chair at 2:28 p.m.]

Chair Miller:

I will call the Assembly Committee on Judiciary back to order [at 2:32 p.m.]. We are going to work session the bill we just heard. Ms. Thornton, please walk us through Senate Bill 395 (2nd Reprint).

**Senate Bill 395 (2nd Reprint): Revises provisions relating to real property.
(BDR 10-288)**

Diane C. Thornton, Committee Policy Analyst:

Senate Bill 395 (2nd Reprint) is sponsored by Senator Neal and was heard in Committee today. This bill revises provisions relating to real property. Senator Neal mentioned she would accept an amendment that would exempt mom-and-pop businesses, but per a discussion with Legal counsel, that amendment was deemed unnecessary, and the motion would be to do pass.

Chair Miller:

Members, are there any questions? [There were none.] Then I will entertain a motion to do pass Senate Bill 395 (2nd Reprint).

ASSEMBLYWOMAN MARZOLA MADE A MOTION TO DO PASS
SENATE BILL 395 (2ND REPRINT).

ASSEMBLYWOMAN MOSCA SECONDED THE MOTION.

Is there any discussion on the motion?

Assemblyman Yurek:

I appreciate Senator Neal and the intent she has presented with S.B. 395 (R2); however, I will have to be a no today with hopes of working with her to become a yes on the floor. The language present in the bill is broad and I am worried about unintended consequences. Smaller LLCs who I do not believe are intended to be captured in this bill are at risk with the current language.

Assemblywoman Gallant:

Same here. However, I will be a yes to move it out of Committee, but I reserve my right to change my vote on the floor.

Assemblywoman Hansen:

Ditto.

Chair Miller:

Is there any further discussion? [There was none.] Then we will vote.

THE MOTION PASSED. (ASSEMBLYMAN YUREK VOTED NO.
ASSEMBLYMEN GRAY, HARDY, AND ORENTLICHER WERE
ABSENT FOR THE VOTE.)

I will assign that floor statement to Assemblywoman Newby. Thank you, Committee members. With that, we will go into recess.

[Recess to the call of the Chair at 2:35 p.m.]

[Chair adjourned from the Assembly floor at 11:10 p.m.]

RESPECTFULLY SUBMITTED:

Aaron Klatt
Committee Secretary

APPROVED BY:

Assemblywoman Brittney Miller, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.