

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

**Eighty-second Session
April 7, 2023**

The Senate Committee on Commerce and Labor was called to order by Chair Pat Spearman at 8:04 a.m. on Friday, April 7, 2023, 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 Pat Spearman, Chair
Senator Roberta Lange, Vice Chair
Senator Melanie Scheible
Senator Skip Daly
Senator Julie Pazina
Senator Scott Hammond
Senator Carrie A. Buck
Senator Jeff Stone

STAFF MEMBERS PRESENT:

Cesar Melgarejo, Policy Analyst
Bryan Fernley, Counsel
Veda Wooley, Counsel
Kelly K. Clark, Committee Secretary

OTHERS PRESENT:

Scot Rutledge
Erica Roth, Washoe County Public Defender's Office
John J. Piro, Clark County Public Defender's Office
A'Esha Goins, Cannabis Equity and Inclusion Community
Quentin Savvoir, Cannabis Equity and Inclusion Community; President, Nevada
Association for the Advancement of Colored People, Las Vegas
Tamara Favors, Progressive Leadership Alliance of Nevada
Gerald Mayes, National Association for the Advancement of Colored People

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Gwen Braimoh, Expertise Cosmetology Institute; President, State Board of
Cosmetology

Marcus Allen, Owner-Operator, Masterpiece Barbershop School

Antinette Maestas, Secretary/Treasurer, State Barbers' Health and Sanitation
Board

Dylan Keith, Vegas Chamber

John Carlo

Steven Jackson, The Original Barber School

Ted Pappageorge, Culinary Workers Union Local 226

Diana Valles, Culinary Workers Union Local 226

Paul More, McCracken, Stemerman & Holsberry

Edward Goetz, Ph.D., Professor of Urban and Regional Planning, University
of Minnesota

Marlene Lockard, Service Employees International Union 1107

Susie Martinez, Nevada State AFL-CIO

Marc Ellis, Communication Workers of America Local 9413

John Solomon

Jonathan Norman, Nevada Coalition of Legal Service Providers

Christine Saunders, Progressive Leadership Alliance of Nevada

Isabel Gonzales

James Katzen

Sakura Nishikawa, Progressive Leadership Alliance of Nevada

Steve Borga

Celia Vargas (Interpreted by Alma Lozoya)

Carlos Padilla

Kristine Schachinger

Andy Romero, Make the Road Nevada

Shaun Navarro, Las Vegas Democratic Socialists of America

Melanie Arizmendi

Serena Evans, Nevada Coalition to End Domestic and Sexual Violence

Brian Harris, Battle Born Progress

Lilith Baran, American Civil Liberties Union of Nevada

Sy Bernabei

Kimberly Ireland

Alexander Marks, Nevada State Education Association

Shelly Speck, Children's Advocacy Alliance; Nevada Strong Start Coalition

John Sande, Nevada State Apartment Association

Mendy Elliott, Nevada Rural Housing Authority

Keith Lynam, Nevada Realtors

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Thomas Blanchard, Nevada Realtors
Mackenzie Warren Kay, Ovation Development
Wiselet Rouzard, Deputy State Director, Americans for Prosperity
Val Thomason, Las Vegas Democratic Socialists of America
Shaneka Cooper
Brenda Lomeli
Simba Perkins (Interpreted by Tamara Favors)
Barbara Perez
Elizabeth Renteria
Angelica Camacho
Aaron Mahan
Edrulfo Camacho
Abigail Padilla
Miguel Regalado
Mauricio Fonseca
Glenna Bolster
Ericka Lopez
Jesus Landeros
Patricia Lindsey
Thelma Varquez
Hermalinda Vallina
Unidentified Testifier
Asela Martinez
Elsa Rolden
Ignacio Martinez
Lalo Montoya, Make the Road Nevada
Erika Marquez, Make the Road Nevada
Yusett Salomon
Uriel Rodriguez
Rawanda Rogers
Mauricio Garcia Lopez
Ronel Portillo
Jackie Spicer
Silvia Buenrostro
Liz Sorenson, Nevada State AFL-CIO
Edward Goodrich, International Alliance of Theatrical Stage Employees,
Local 363
Adrian Lowry, Northern Nevada Democratic Socialists of America
Jovan Jackson

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Alan Morales
Matthew Wilkie
Nathaniel Phillipps
Lani McCloud

CHAIR SPEARMAN:
We will start with our work session.

CESAR MELGAREJO (Policy Analyst):
Before we start, I want to note that the sponsor has requested we pull Senate Bill (S.B.) 259, which will be rescheduled.

SENATE BILL 259: Revises provisions relating to alcoholic beverages. (BDR 52-676)

CHAIR SPEARMAN:
I will open the work session on S.B. 203.

SENATE BILL 203: Prohibits certain gifts by a manufacturer or wholesaler of drugs or medical devices to a practitioner. (BDR 54-50)

MR. MELGAREJO:
I have a work session document (Exhibit C) describing the bill and its history. There are two amendments.

SENATOR LANGE MOVED TO AMEND AND DO PASS AS AMENDED S.B. 203.

SENATOR BUCK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SPEARMAN:
Next on the work session is S.B. 276.

SENATE BILL 276: Revises provisions related to collection agencies. (BDR 54-158)

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MR. MELGAREJO:

I have a work session document ([Exhibit D](#)) describing the bill and its history. There are multiple amendments.

SENATOR DALY:

Regarding the apparent conflict on confidentiality. I want to ask counsel, can that be resolved?

BRIAN FERNLEY (Counsel):

There is a difference between section 17 and section 20. Under section 20, the residential address is confidential and cannot be disclosed under any circumstances. In section 17, there are some circumstances where information in an application can be disclosed to investigating agencies and other entities. If the Committee directs staff to work with the sponsor, we can certainly address those concerns.

CHAIR SPEARMAN:

Yes, thank you. The Committee wishes you to do so.

SENATOR LANGE MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 276.

SENATOR DALY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SPEARMAN:

Next on the work session is S.B. 330.

SENATE BILL 330: Revises provisions related to health care. (BDR 57-161)

MR. MELGAREJO:

I have a work session document ([Exhibit E](#)) describing the bill and its history. There are no amendments.

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CHAIR SPEARMAN:

Thank you, Vice Chair Lange, for bringing this bill. I have received many calls from concerned women. A person's gender and economic status should not affect whether they can access health care.

SENATOR LANGE MOVED TO DO PASS S.B. 330.

SENATOR STONE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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VICE CHAIR LANGE:

We will now hear S.B. 402.

SENATE BILL 402: Creates the Cannabis Mentorship Pilot Program.
(BDR 56-1064)

SENATOR PAT SPEARMAN (Senatorial District No. 1):

I will be co-presenting the bill with Scot Rutledge. The main reason we are introducing this bill is that many people who were previously jailed due to the criminalization of cannabis now cannot participate in the industry. They were the ones who perfected the business plan. The goal of this bill is to level the playing field and give them a chance to learn the trade and work in the cannabis business. We have an amendment ([Exhibit F](#)).

SCOT RUTLEDGE:

I am not here on behalf of any of my clients, but as an advocate for social equity and inclusion in Nevada's cannabis industry. I would like to provide some context about formation of this legislation and walk you through the bill.

Our industry suffers from a lack of diversity and inclusion. But there have been ongoing efforts to change this. Senate Bill 402 is the next chapter.

In 2021, the Nevada Legislature passed A.B. No. 341 of the 81st Session, which created Nevada's first ever social equity license for cannabis consumption lounges. In the fall of 2022, ten prospective licenses were awarded.

Since then, many industry professionals and consultants have provided pro bono or reduced cost services to assist these applicants with their applications for the conditional licensure. Many of them have never owned a business. They have worked tirelessly to complete business plans, standard operating procedures, financial statements and other required components of the applications. Most applicants have struggled to identify financial partners and face mounting pressures to do so.

This bill, S.B. 402, unfortunately, will not help solve the challenges of our current class of social equity licensees. But we should make every effort going forward to provide future social equity business leaders, whether they choose to pursue licenses or not, the tools and knowledge they need to be successful in Nevada's cannabis market.

Designing the social equity entrepreneurs program considered many factors: develop relationships with existing licensees and ownership teams in Nevada's cannabis market; build expertise in cannabis finance and taxation; create a strong foundation in regulatory compliance; and foster understanding of the complex business practices of a tightly regulated and federally illegal industry.

What do we hope to gain from the diversification and equity that can come from this cannabis mentorship pilot program? Innovation can come through fresh ideas and lived experiences that are not currently part of our industry's ecosystem. Energy and perseverance can only be born from hardship and struggle in the face of adversity and systemic challenges. New business owners will increase equity and diversity. These are new people who do not resemble the current leadership and ownership structure in our industry.

Sections 3 through 6 provide definitions for the Cannabis Mentorship Pilot Program.

Section 7 establishes the Mentorship Program for persons who have been adversely affected by provisions of previous laws which criminalized activity relating to cannabis. The Program will provide these persons the opportunity to receive training, experience and mentorship in the cannabis industry in Nevada.

Section 7, subsection 2 places the administration of the Program with the Cannabis Compliance Board (CCB), which is tasked with developing and implementing the Program. Cannabis establishment licensees, as sponsors, will

provide employment and one-on-one training and mentoring of the participant. The owners, officers, managers or other persons in charge of the business operations will mentor and train the participants. The Program also requires periodic performance evaluations and reviews of participants during the mentorship period.

Section 7, subsection 3 requires participants in the Program be limited to persons adversely affected by previous laws that criminalized activity relating to cannabis.

Section 7, subsection 4 directs the CCB to establish regulations to determine participant eligibility, licensee sponsor requirements and mentorship agreements. It also requires the CCB to establish goals, benchmarks and performance metrics for participants in the Program to measure whether a participant has successfully completed the Program.

Section 8 covers the application process and fee for participants, conditional approval and notification of participants.

Section 9 describes the process timeframe by which a participant receiving conditional approval must select a sponsor, enter into a written mentorship agreement and obtain an agent card.

Section 9, subsection 2 covers requirements to be found in the written mentorship agreement to be submitted to the CCB, including the rate of pay and any benefits, as well as the duties and responsibilities of the applicant and proposed sponsor during the mentorship period.

Section 10 indemnifies cannabis establishment licensees as sponsors. This section was to be stricken by amendment. It is an indemnification clause. We can speak to that during the rest of the presentation.

Section 11 prescribes monitoring by the CCB and reporting by the participants and/or sponsors during the mentorship period. It also provides that completion certificates will be provided to participants upon successful conclusion of the Program.

Section 12 requires the CCB to open a licensing round no later than October 1, 2027, for ten cannabis establishment production licenses to be made available

to participants who have successfully completed the Program and received a certificate, pursuant to section 11.

Section 16 provides for a certificate of eligibility for transferable tax credits to licensees who participate as sponsors. The tax credits cover the cost of the participant's salary and benefits during the Program's two-year mentorship period.

Upon completion of the mentorship Program, the sponsor may apply for a certificate of eligibility for a transferable tax credit in the amount of 3 percent of the tax owed for the one year following completion of the mentorship period.

Section 16, subsection 3, places a cap of \$10 million on the transferable tax credits and also allows for the balance to carry forward if not fully subscribed.

Section 16, subsection 4, places an expiration on those transferable tax credits after four years, upon issuance.

Section 17, addresses forfeiture and/or repayment of those tax credits due to fraudulent information, or misrepresentation to obtain any portion of those tax credits the sponsors are not entitled to.

Section 18 requires the CCB to prepare and submit an annual report on the transferable tax credits to the Governor and the Director of the Legislative Counsel Bureau (LCB), for transmittal to the Legislature or Legislative Commission, when the Legislature is not in session.

I want to thank my friend A'Esha Goins, the founder of the Cannabis Equity and Inclusion Community (CEIC), for helping draft this bill. She will be presenting in Las Vegas in support of this bill. She did the work no one else would do, after we established the first round of social equity licenses. She initiated a program called "Pathway to Ownership" in Clark County.

Her program took many prospective social equity applicants who were interested in potentially applying for a lounge license through a number of different programs. I participated in the voluntary program along with many of my clients and others. Clark County provided some limited funding.

It is only due to A'Esha's advocacy and commitment to her community that so many were inspired to apply for the cannabis consumption licenses. The work she and her team did at CEIC laid the groundwork for S.B. 402.

SENATOR SPEARMAN:

I also applaud A'Esha. She was in this building when we first started talking about medical marijuana. Many people did not understand what she was doing, but she kept it up. One definition of a pioneer is being willing and unafraid to take a path that has not yet been created, even in the face of daunting pressure.

SENATOR PAZINA:

In section 12, it mentions that participants with a certificate can apply to the CCB for issuance of an adult-use cannabis establishment license for a cannabis production facility. What is usually required to apply for those?

MR. RUTLEDGE:

This will not change the existing licensing application process. To apply for one of these licenses, in addition to the standard requirements, you will be required to present one of these certificates. That is the only difference.

SENATOR HAMMOND:

I have a question about the illegal market. There are some who pioneered the business model and for their efforts, many were jailed. They want to be able to participate legally. I would like to see the illegal market start to dwindle again. What if it is discovered that a Program participant, who is working to get their license, is still involved in the illegal market? Would they be immediately removed from the Program? Is there a penalty? I really want to discourage the illegal market.

MR. RUTLEDGE:

That was not contemplated in this legislation. To receive an agency card, these individuals must go through a background check. The goal here is not to place them with companies and say, "see you in two years with a certificate."

As envisioned, this is going to be an intense Program. There will be regular check-ins by the CCB. The participants will be working directly with owners and managers. It is quite likely the participants will be spending a lot of time with industry leaders; that is why the Program would work.

If there was a request to add something, we could consider it. We did not have any problems with the existing lounge licensees who also worked with the social equity participants. Everybody in the cannabis industry knows that they will have their agent card revoked if they are caught violating the law. I am not sure we need to do anything different, but I would refer that to the CCB since they handle enforcement.

SENATOR HAMMOND:

It sounds like they are going to be checking on participants regularly, but mixing legal and illegal marijuana sales does occur. In California, we have seen reports of people who participate in the legal marijuana industry, but who actually make more money selling illegally.

The temptation is there. I want to ensure Program participants understand that the goal of the Program is to create a legal pathway and to dissuade them from involvement in the illegal market.

MR. RUTLEDGE:

The regulations could include an attestation that says, "if I am selected to participate in this Program, I understand I can no longer, or shall never, participate in the illicit market again." We require owners and other folks to do that. I would refer to the CCB on this, but I think there are certain things in place and some things we could probably add to the application process.

SENATOR DALY:

My question is in section 16, regarding the transferable tax credit that may be applied to the excise tax on cannabis. I understand a sponsor will get credit for the full amount of costs for the two years to train a participant through the mentorship Program. Then the sponsor is eligible for a tax credit of up to 3 percent of their total tax bill for the one year after the mentorship ends.

Do you anticipate that the 3 percent tax credit will be more or less than the cost of employing people? Is that part of the Program design, to encourage sponsors to participate? Also, would the costs of the participant as an employee include compensation and benefits?

MR. RUTLEDGE:

At the beginning of the Program, a written agreement between the participant and the sponsor will determine salary and benefits. Then when the participant

completes the Program, the licensee would apply for that transferable tax credit, which is equal to the value of the salary and benefits for that two-year period.

Once the participant is certified, the license that individual was attached to throughout the Program, whether it was a production license, retail license, or cultivation license, would then be able to apply for a 3 percent transferable tax credit for the preceding year. I would need more clarification from the Nevada Department of Taxation to understand how they would structure that.

The goal is to incentivize sponsors to participate because it is a voluntary Program. We are not mandating that licensees participate. The tax credits are the incentive.

SENATOR DALY:

So, by design, the 3 percent industry tax credit will be more than the salary reimbursement for the mentored employee. I just wanted to make sure that was the case. The tax credit is the hook to get industry participation.

When we say that cannabis is legal in Nevada, it is only legal under certain conditions. We say you can do it at lounges or purchase it at legal dispensaries. It is only legal if purchased from, or used at, a licensed vendor. That means someone was licensed to grow it, someone was licensed to package and distribute it, and someone was licensed to retail it. Any other use is still illegal. Correct?

MR. RUTLEDGE:

Yes. Legal possession of up to an ounce was passed in 2016 by Question 2, the Nevada Marijuana Legalization Initiative. It is my understanding that you can buy product from the dispensary today, take it home and put it in a baggie or some other container. If it is less than an ounce, law enforcement is not looking to find out whether that product came from a legal dispensary.

One of the goals, and we have seen this in other states, is to create a pathway from the illicit market to the regulated market. There is a lot of discussion about that this Session. We want to create market-based solutions and opportunities in the legal market.

These licenses will not just be handed out. It will be a merit-based application process. They will have to complete the mentorship Program and then get their application together like any other applicant.

This bill does not contemplate funding. We thought we would set up the Program, but because the licenses are not available until 2027, we will be back talking about a funding mechanism in 2025.

SENATOR SPEARMAN:

Nothing in this bill changes existing law. The only thing we are doing is using existing law to set up a pilot program so that there is indeed more equity in the industry.

SENATOR STONE:

It is horrific that we still have people in prison for prior cannabis crimes. Today, cannabis is much more acceptable. When you review somebody's conviction record, are there crimes that would preclude them from entering the Program—like trafficking fentanyl? Are there any other crimes that would preclude them from participating in this Program?

MR. RUTLEDGE:

I think that might be a question best answered by the CCB. What this Program does is copy the current Social Equity Licensure Program. The existing program reviews an applicant's violations, census data, and where they have lived for the last five years. That is required to apply to participate in the Program.

Once they undergo a background check to receive their agent card, if there are other violations that were not reported, then my understanding is they would not qualify, because they could not receive an agent card.

SENATOR STONE:

I fully support a mentorship Program for someone who was previously convicted of a cannabis crime. I believe in mentorship programs. They did not exist when I graduated from pharmacy school.

One thing missing from our high school curriculums is financial literacy, accounts payable and accounts receivable. Your Program will help people learn those things. Participants need to understand financial literacy if they are going to get a license in the business.

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I hope that this Legislature will develop mentorship programs for other industries as well. Businesses are the heartbeat of this Country. I love giving entrepreneurs the opportunity to succeed. I was not born into money. I worked hard for what I have accomplished. Everyone deserves a shot at the American dream.

ERICA ROTH (Washoe County Public Defender's Office):

I am testifying in support of S.B. 402. Our support stems from the fact that this bill will help correct historical wrongs in the criminal legal system and ensure that those who have been harmed by unjust laws are made whole and able to contribute to our economy.

JOHN J. PIRO (Clark County Public Defender's Office):

I want to echo the comments from the Washoe County Public Defender's Office. This bill creates a pathway to equity for people to learn about the legal industry and create a life. We are in strong support.

A'ESHA GOINS (Cannabis Equity and Inclusion Community):

Thank you for presenting a bill that would absolutely change the trajectory of a disenfranchised person. The illicit market is a symptom of the lack of access to the legal market. This bill aims to create that access.

It is unfortunate that so many people have had their lives wrecked. We have had generations of persons criminalized and traumatized by the War on Drugs. Consistently, I show up and fight for my community to ensure our access to this legal market.

It is unfortunate that we must keep asking for access. It should just be granted. There is another opportunity I initiated, the "Pathway to Ownership" program. It has been stressful. I have committed to not move forward with that program due to concerns about funding. We continue to present information at places where we want social equity to be successful, but we are not funding or adding another program. I urge the Committee to support this bill.

QUENTIN SAVWOIR (Cannabis Equity and Inclusion Community; President, Nevada Association for the Advancement of Colored People, Las Vegas):

I am deeply grateful to the sponsor and Ms. Goins for their unrelenting work to create equity and opportunity in our communities. The disparities that we see in the cannabis industry did not happen overnight, and they will not be fixed overnight. It will take intention. This piece of legislation is intentional about

creating greater diversity, inclusion and equity in the cannabis industry. Through these measures, we can promote economic growth and job creation in communities that have consistently and historically been marginalized. We strongly urge your support.

TAMARA FAVORS (Progressive Leadership Alliance of Nevada):

I support S.B. 402. I am a community member living in Las Vegas. The cannabis industry has a long history of disproportionately affecting communities of color. The social equity Cannabis Mentorship Pilot Program will help address this issue by providing opportunities for individuals from underrepresented communities to gain experience and knowledge in the industry.

I have personal experience from my family members being jailed. My father had two strikes against him and was imprisoned. Seeing him in a cage was not the best thing for me. I missed out on having his support in our family household.

This Program will ensure people like me and those who have been disenfranchised will have a way to earn money and be a thriving part of a better community.

GERALD MAYES (National Association for the Advancement of Colored People):

We support this bill. This issue has disproportionately affected communities of color. We need to support development of this important Mentorship Pilot Program to help individuals who would benefit most.

SENATOR SPEARMAN:

I appreciate the support we have within the community. Some people may think this Mentorship Program is not necessary for equity, but I disagree. Look at history. In 1971, then President Nixon started what he called the War on Drugs, but it was really a war on communities of color. If you go back and look at the sentencing structure for people who were convicted for possession of crack as compared to possession of cocaine, you can see the inequity.

Now our State has legalized marijuana, something for which people were previously jailed. Some folks are still in jail because they had two joints in their car. If you doubt there is inequity in our Nevada system, just look at a picture of all the cannabis licensees. Then ask someone about the hurdles they must jump through to participate.

This bill corrects an inequity that many people do not even want to recognize exists. I believe you can only fix issues that you can face. We must face the fact that the War on Drugs was really a racist system that attacked communities of color. It was not successful. Sociologists have proven that with statistics, year after year.

I have a quote from David Livingstone in tribute to A'Esha: "If you have men who will only come if they know there is a good road, I do not want them. I want men who will come when there is no road at all."

I want the record to show that this bill is not a result of me. It is the result of A'Esha Goins's hard work over the last five years, when no one else thought it was possible. Thank you, A'Esha.

MR. RUTLEDGE:

I will clarify a couple items, especially for our friends in the industry who are watching this hearing or reading this legislation. This is not a mandate; it is voluntary. I have spoken with Senator Spearman many times about what opportunity is and what it means. Opportunities do not guarantee outcomes. But we should guarantee equal opportunities, as best we can. We need to make opportunities available. When those opportunities have not been made equal, it is incumbent on our industry to work toward these ends.

I hope we can work with industry to gain more support for this bill. That licensing date of 2027 is four years from now. Between now and then, we can address some of the concerns that have been brought up, as we have done with the marketing study, to see how many more licenses we do need.

I will focus in on this. The reason we chose production licenses is because we hear conversations about oversupply or challenges with folks cultivating cannabis. By the way, setting up a cannabis cultivation operation is expensive. Then we hear we do not need more retail outlets, because we are cannibalizing ourselves on the retail front. We said, we will not take that route. We have developed these lounges; we decided not to go with that license type.

Production licenses are right in the center of the cannabis marketplace. The production license allows somebody who has an idea to bring a product to market, to work with a facility that technically could be a 500-square-foot

kitchen co-housed inside an existing production facility. We see this happening today in our marketplace.

We were looking for a low barrier to entry in terms of startup costs. We were looking for something that did not create additional product or overwhelm the market with additional product.

To have a production license, you have to use product that exists in the market today coming from existing cultivations. You must sell it to existing retail stores. We were pretty thoughtful when we considered how to structure this Program. Hopefully, I have addressed some concerns. We ask you to support S.B. 402.

VICE CHAIR LANGE:

We will close the hearing on S.B. 402 and open the hearing on S.B. 386.

SENATE BILL 386: Revises provisions related to barbering. (BDR 54-874)

SENATOR PAT SPEARMAN (Senatorial District No. 1):

I have Gwen Braimoh of Expertise Cosmetology Institute and Marcus Allen of Masterpiece Barbershop School here to help me present S.B. 386.

This bill seeks to reduce barriers to barbering students and apprentices and to expedite the licensing process to enable students to begin work and earn a living as quickly as possible. This bill was brought to me last year. If students who had taken the test were not able to pass, the requirements to go back through education courses to get their license were time-consuming and costly.

The barbering profession has been an integral part of our communities for centuries. Barbers do much more than just cut hair. They are essential service providers who contribute to the social fabric and well-being of our neighborhoods. As skilled professionals, barbers have the power to boost self-esteem, enhance personal appearance and create lasting connections among community members.

However, the process to obtain a license to practice this profession can be both time-consuming and costly. It requires extensive education, complex examinations and lengthy apprenticeships. These barriers need to be removed.

Legislation that streamlines the licensing process can create more accessible pathways for individuals to enter the barbering profession. Moreover, removing barriers to licensing can also help address issues of economic inequality and social mobility. By making it easier for individuals from diverse backgrounds to enter the profession, we can empower more people to secure stable and fulfilling employment, improving their overall well-being.

A friendly amendment ([Exhibit G](#)) was submitted but, unfortunately, it came after the bill was already drafted by LCB. I have accepted the amendment.

Existing law mandates that to become a licensed barber an individual must pass an examination conducted by the State Barbers' Health and Sanitation Board. If an applicant fails the examination and is not licensed as a cosmetologist, he or she must practice as a licensed apprentice for an additional three months. If the applicant who fails is a licensed cosmetologist, he or she must complete further study in a barber school as prescribed by the Board, before being eligible to retake the examination.

Senate Bill 386 proposes the applicants for licensure as a barber's apprentice who fail the examination be allowed to retake the examination without fulfilling additional requirements. However, they must retake the examination within one year of their initial examination. That is the biggest change in this bill. My copresenters may have additional comments.

GWEN BRAIMOH (Expertise Cosmetology Institute; President, State Board of Cosmetology):

The revisions we are recommending are that students retake the exam in less than one year. Once an individual completes the barbering program, which is the 1,500-hour program, he or she takes the exam. Some people have test anxiety and make mistakes. With this bill, they could immediately go back and retake the exam without having to return to school for an additional 250 hours of education, as is currently required.

For multiple reasons, we asked the Committee to review the one-year requirement to retake a test. We do not want students to take any longer than that. One reason is that the school is on an annual cycle in terms of accreditation rates. The second reason is that the tests on health and safety, sanitation and technique with use of the razor really need to be taken immediately. Once a student finds out where he or she needs to improve,

whether it is on the practical exam or the written exam, they could go back immediately to retake that particular test.

So that is the only requested revision. We want the individual to go back immediately to retest, so that they can pass and go to work. After they have already spent 1,500 hours in school, we want to see our licensees go to work and be successful. That is the end goal.

MARCUS ALLEN (Owner-Operator, Masterpiece Barbershop School):

We love this idea. As an instructor, I sometimes see my students get a little nervous before the test. Sometimes they fail. But we do not want to require that they go back to school for 250 hours. It will take them three months to complete. They would also have to pay another \$3,000 out of pocket for the school. The only person who would gain from that is me, the owner. I would prefer to earn my money in a positive way, not because of somebody's failure.

We support this bill. The only thing we have an issue with is the time of the year. We have submitted an amendment. I hope you do not overlook that, because accreditation does not allow us to go up to the year, which needs to be changed.

ANTINETTE MAESTAS (Secretary/Treasurer, State Barbers' Health and Sanitation Board):

I am here on behalf of the State Barbers' Health and Sanitation Board. After hearing from our licensees and school owners on this issue, the Board held public meetings. The Board decided to support this bill to break the barrier and allow a student to take the exam multiple times. After a student takes the exam, if he or she does not pass, the exam can be retaken three more times before the student goes back to school for the required 250 hours of education. The Board members felt that after three test attempts, the student probably needed more education. A year is a long time. We have heard the concerns. We are in favor of this bill.

SENATOR SPEARMAN:

The timetable that is listed in the current bill will be changed. It will be in accordance with the recommendations from the barbering schools, the Board and Ms. Gwen Braimoh, President of the State Board of Cosmetology.

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DYLAN KEITH (Vegas Chamber):

As the largest and broadest business-based member organization in Nevada, we support S.B. 386. The Vegas Chamber believes that a State Barbers' license applicant should be able to retest after being trained, as described in subsection 1. The current requirements only proved to be a barrier to enter this industry and do not appear to have a substantial reasoning for their requirement. We ask you to support this legislation.

JOHN CARLO:

I am speaking in opposition to this bill because we need to prioritize the licensing of barbers who are legal citizens. There are many apprenticeship programs that are open to illegal immigrants. Then you have illegal people in Nevada with no space in the classroom for our own American people. This hurts the African American community the most. This bill does not go far enough to protect all the hairdressers. During the pandemic, many hairdressers lost their jobs.

STEVEN JACKSON (The Original Barber School):

I support S.B. 386. I am a co-founder of The Original Barber School in Las Vegas. I would say ditto. We believe the students should have the chance to retake tests within the year.

SENATOR SPEARMAN:

One of the reasons the requirements for barbering and cosmetology are so strict is that it is important for people to understand chemical compositions and how they impact health and hygiene. It is to protect the public.

This is Good Friday. Christians around the world will commemorate the crucifixion of Jesus and our Jewish friends are celebrating Passover. As I read both the books that define those faith systems, I cannot find anything that mentions "illegal people." Personally, I am offended when people say that. There are no "illegal people." But that is just my opinion.

VICE CHAIR LANGE:

We will close S.B. 386 and open the hearing on S.B. 426.

[SENATE BILL 426](#): Revises provisions governing rent increases. (BDR 10-15)

SENATOR PAT SPEARMAN (Senatorial District No. 1):

I will present S.B. 426 which is a crucial piece of legislation that addresses an issue of significant concern in our community: escalating rents. This bill aims to provide relief to tenants while ensuring landlords can maintain a fair and reasonable rate of return on their properties.

As we all know, Nevada residents have experienced a steady rise in rental prices, burdening many families and individuals who struggle to afford the ever-increasing cost of housing. The consequences of this trend are far-reaching. People are being forced to make difficult decisions about their living situations. This often leads to overcrowding, relocation or even homelessness.

According to "Out of Reach 2020," a report from the National Low Income Housing Coalition, full-time minimum wage workers cannot afford a modest two-bedroom rental home anywhere in the Country. In Nevada, at the time the report was released, a minimum wage earner would need to work 62 hours to afford a studio apartment; 74 hours for a one-bedroom apartment; 90 hours for a two-bedroom apartment; 128 hours for a three-bedroom apartment and 154 hours for a 4-bedroom apartment.

We have enacted statutes to annually increase our State's minimum wage. It is currently limited to a 75-cent-an-hour increase per year. For a minimum wage earner that means rental costs are outpacing wage increases.

According to the report, to afford a two-bedroom apartment without paying more than 30 percent of income on housing, a Nevada resident would need to earn \$23.70 per hour.

Increasing rents affect all residents. However, the data shows that the gap between income and housing costs is largest for people of color, particularly women of color. One of the reasons women suffer is the long-term pay inequality with men. More women retire in poverty than men due to that inequity in the workplace. That is only one of the reasons.

Across the Country, the median hourly wage for Black and Latino residents is approximately \$6 less than that for White workers. More than half of Black and Latino households that rent are spending more than 30 percent of their income on housing, as compared to 43 percent of White households. More than

70 percent of Black and Latino women earn a monthly wage that is less than the cost of one-bedroom housing.

The standard argument against placing limitations on rent is that it will negatively affect smaller landlords. Provisions of this bill ensure that landlords can maintain a fair and reasonable return. However, the reality is that many of the rental properties in Nevada are not owned by small landlords.

In 2022, investors purchased 30 percent of the single-family homes sold in our State. That is nearly double the investor purchases in 2020. It is our responsibility as leaders to come together and find a solution to keep rental costs down, so that all Nevadans can thrive. I will go through the bill. I have someone online to go further and answer any technical questions.

This bill amends the existing Residential Landlord and Tenant Act in *Nevada Revised Statutes* (NRS) 118A. It provides both landlords and tenants with clear guidelines and remedies to address rent increases. The primary goal of the bill is to strike a balance between affordability for tenants and reasonable return on investment (ROI) for landlords.

Section 2 defines cost-of-living (COL) increases.

Section 3 requires the Housing Division of the Nevada Department of Business and Industry to annually determine and publish the maximum COL increase for the calendar year. The annual COL increase must be equal to the percentage increase from September 30 of the current year to September 30 of the immediately preceding year. The COL increase must not exceed more than 5 percent using the Consumer Price Index for All Urban Consumers. That is the U.S. city average as published by the U.S. Department of Labor. The Housing Division is required to maintain the COL information on its Internet website for at least two years.

Section 4 of the bill limits rent increases during the first year of tenancy, and in any 12-month period, to the COL published by the Housing Division of the Nevada Department of Business and Industry. It also prohibits landlords from charging prospective tenants an amount that exceeds the maximum rent that the previous tenant was charged, or the advertised amount for the dwelling unit. However, certain exemptions apply to dwelling units.

Section 5 allows landlords to apply for an exemption from the COL increase cap if specific conditions are met. These conditions include operating costs that exceed the COL increase, capital improvements to the dwelling unit, changes in the amount or quality of services provided, fluctuations in property taxes and repairs due to damage, or any other circumstance established by the Housing Division through regulations.

If a landlord violates the rental increase limits, section 6 of the bill provides recourse. Tenants may apply to the court for relief, withhold rent without incurring fees or recover actual damages along with an additional amount equal to three month's rent.

Nevada Revised Statutes 118A.510 protects tenants from retaliatory conduct by landlords in response to good faith complaints.

For periodic tenancies of one month, section 8 of the bill modifies the notice period for rental increases from 60 to more than 90 days. A landlord must now include in their notice the amount of the increase, the new total rent, the reason for an exemption, if applicable, and the effective date of the increase.

Finally, section 9 requires the Housing Division to determine and publish the COL for calendar year 2024, on or before January 1, 2024.

As a representative for Senate District 1, it was extremely depressing to hear about the housing issues. Ours is not a wealthy district. We have more people of color than any other place in the State. It was depressing to get calls and emails about rent increases. Many people were asking if there was a place for them to go. One woman's husband was a stroke victim who had just gotten out of the hospital. Their landlord had given them two weeks to leave. She called to ask me if I had a house they could rent. I told them I did not have a house for them. I directed them to the Legal Aid Center of Southern Nevada. I told them I was not a lawyer and could not give them advice. I also referred them to realtors who might be able to help.

Not all landlords are like that, but there are some bad actors who influence the caricature of landlords to their own detriment.

This legislation is not an attack on any individual. It is an attack on the circumstances that have exacerbated homelessness, not just in my District and not just in Nevada, but across the Country.

TED PAPPAGEORGE (Culinary Workers Union Local 226):

I am here to talk about neighborhood stability and why Nevadans need S.B. 426. Nevada needs strong, safe, secure neighborhoods. We have Wall Street landlords and large private equity corporations buying homes, apartments, and vacation rentals. They are cornering the market and raising rents excessively. This is causing evictions and churns of residency. It is creating a generation of renters, denying this generation the American dream of owning a home.

For homeowners that means we see neighbors come and go. Every homeowner has kids, relatives and parents caught in the cycle of unaffordability. For renters who cannot afford housing, it is that much harder to be able to save up to own a home. Neighborhood stability, as we call it, is essential.

Senate Bill 426 is essential because this problem affects everyone—seniors, first-time homebuyers and families. It affects would be first-time homebuyers who cannot save up for a home. It causes instability for families in the community; it causes turnover in our schools. Local businesses suffer when customers must cut back due to rental increases.

Here are a few examples: An apartment complex, Tides at Spring Mountain, which is owned by Tides Equities in Los Angeles, increased monthly rents for a Las Vegas one-bedroom apartment from \$709 to \$1,359 between 2020 and 2023. That was a 92 percent increase from 2020 to 2023.

The Amber Ridge Apartments, owned by Westland Real Estate Group in Long Beach, increased Las Vegas rents from \$830 a month for a two-bedroom unit, to \$1,300 a month, a 57 percent increase. Rent on a three-bedroom unit at the same complex went from \$973 to \$1,800 a month, an 85 percent increase from 2020 to 2023.

Vintage Pointe, an apartment complex owned by Blackstone, a private equity firm, increased rent for a two-bedroom unit from \$1,079 to \$1,614, a 50 percent increase over a three-year period.

The Positano Apartments, owned by Ovation Development in Las Vegas that received a 3.86 percent fixed rate Housing and Urban Development loan, increased monthly rents on some two-bedroom units from \$1,222 to \$1,434. That is a 17 percent increase over a three-year period.

In the 2022 survey of our Culinary Union members, 28 percent of respondents said they pay a monthly rental assurance fee on their home or apartment. About 21 percent said their rent had gone up \$500 or more; they were also charged monthly fees. About 15 percent said the fees totaled more than \$100 each month.

Several people from the Culinary Union are prepared to speak. The Nevada Legislature has a responsibility to stand up for Nevadans and against these corporate Wall Street landlords. For families who are getting price-gouged, neighborhood stability is the solution. We urge political leaders in Nevada, both Democrats and Republicans, to support and champion S.B. 426.

DIANA VALLES (Culinary Workers Union Local 226):

The pandemic was a difficult time for all of us. About 95 percent of Culinary Union members were laid off during the shutdowns. Many were out of work for up to two years as the hospitality industry slowly recovered and convention and business travel resumed. With tens of thousands of hospitality workers out of work, we immediately responded. Our Helping Hand Program provided 430,000 packages of food to workers and Nevadans.

We also helped thousands of workers sign up for unemployment benefits. We secured workers right to return to their jobs. We advocated for several eviction moratoria.

During the pandemic, our State passed the first worker safety law in the Nation. Our S.B. No. 4 of the 32nd Special Session, called the Aldolfo Fernandez Law, ensured that workers were safe and protected. Culinary Union members went through a lot together, but we remained united.

During the pandemic, we saw firsthand how working families were being pushed out of their homes by landlords who were price gouging and raising the rent, even though no new improvements or amenities were offered.

Working families cannot afford rental increases of \$500 to \$600 a month, especially considering today's high levels of inflation. Neighborhood stability is the solution to protect working families and keep Nevadans in their homes. I ask the Nevada Legislature to remember that behind every worker in this State, there is a family. It is in your hands to protect them and their neighborhood stability.

The Culinary Union has a long history of fighting and winning for working families at the Legislature. We have taken on Big Pharma to win diabetes and asthma drug transparency. We have worked for more than 25 years to end surprise medical bills for all Nevadans. This year is not different. We continue to fiercely advocate for workers and Nevadans, quality health care and neighborhood stability.

One job should be enough to afford a roof over your head and ensure Nevada's youth have access to quality mental health care and education. Just as we have throughout our 88-year history in Nevada, the Culinary Union members will stand together and win a strong future. We urge the Nevada Legislature to support and pass S.B. 426.

SENATOR SPEARMAN:

Vice Chair Lange, Mr. Paul More is available online to help explain the amendment ([Exhibit H](#)).

PAUL MORE (McCracken, Stemerman & Holsberry):

I will walk you through the bill before discussing the amendment. There are some exemptions from this measure for certain types of housing. It does not apply to rental units owned by a government agency. It does not apply if the rental unit owner lives on-site and the building has four or fewer rental units altogether. There is an exemption for owner-occupied.

It does not apply to new construction. If a building is built on or after January 1, 2024, it only becomes covered 15 years after the date the certificate of occupancy is issued. It does not apply if the landlord is providing reduced rent through a federal, State or local program. It also does not apply where the landlord only has one dwelling unit in the State. These were all exemptions that were important to keep the focus on large corporate landlords. That is who this bill is targeting.

Section 5 of the bill has language on maintaining a fair and reasonable rate of return. That is an important provision of this bill, both for policy reasons, so that landlords can maintain their properties and make capital improvements, while at the same time limiting the rent increases that can apply. It is also important for constitutional reasons. That provision serves both those purposes.

We have some conceptual amendments in [Exhibit H](#). There are some substantive changes that we think are important to make. I will talk about the retaliation prohibition first, a new section 7.

Nevada Revised Statutes 118A.510 is an anti-retaliatory provision in the current landlord-tenant statutes. Unfortunately, that provision, as drafted, would not create the level of protection against retaliation that this measure needs.

The reason for that is the anti-retaliation provision in the NRS currently has an exception in situations where the landlord increases rent uniformly for all tenants. The way that provision is drafted, it would mean that if a landlord increased the rent for all tenants in an apartment complex in violation of this rent cap measure, it would not be seen as retaliation.

We have included a retaliation prohibition that is targeted to the nature of this statute in the conceptual amendment. We have also put a bit more meat on the bones of the fair and reasonable return exemptions. The amendment also creates a mechanism to ensure that tenants are aware that their landlord is seeking an exemption from the rent control cap.

The amendments would require that landlords not increase rent until they have received an exemption from the Housing Division. This clarifies that the exemption must be granted before the rent increase takes place, not afterwards.

The second change would require that a tenant be given notice of the landlord's request for a hardship or fair and reasonable return exemption. The tenant would then have an opportunity to be heard on the matter before the exemption is granted.

We have made a few changes on the nature of the exemptions and included some new definitions of those changes. Specifically, we have included a new exemption for a situation where the rental unit is going to have an additional occupant that is not a family member, which may increase the cost of

maintenance. That would now be a recognized form of exemption, if it is required, for a fair and reasonable return.

Rather than having an operating cost measure for whether the landlord gets an exemption, we have included a catch-all provision that says that the rent increases are necessary to meet Constitutional requirements.

Operational cost measures for exemptions have tended to be extremely complicated, including measurements about how much debt can be included in the operational costs and other issues. We think it is better to give the Housing Division some flexibility, but to make sure that the constitutional minimum is abided by.

Then both for capital improvements and for changes in the types of housing services that are being provided, like utilities, laundry and other types of amenities, we have included some definitions we think give a bit more guidance to the Housing Division on how those provisions should be applied.

Finally, for capital improvements and repairs to properties, we have made clear that if the repair or the capital improvement is being paid for by a third party or third party source, like insurance or a court decision, those charges could not be incorporated into the rent.

SENATOR STONE:

During the pandemic, tenants and landlords both had a rough time. For me, as a small landlord, we were not able to evict, not that we would have. But we had accounts receivable that exceeded \$100,000. We have never evicted a tenant or lost a tenant due to a rent increase. What I have heard today is that there are good landlords and bad landlords. I think I am a compassionate landlord.

My first question is why would you issue a 15-year exemption from this new law for any new construction, especially when it seems like the corporate landlords are the worst at increasing rents? They are the ones who must be responsive to shareholders. You know their base rents will be set when they start renting their units. Right now, the cost to build a typical apartment in Nevada is at least \$400,000 a door. While they may offer a lower rent to get people in, you can expect exorbitant rent increases in the years to follow. The way I see it, you are exempting the very people who are the most egregious when it comes to raising rents on tenants.

MR. MORE:

Many of the corporate interests are not just building new construction; they are also buying existing properties. This would address that element of their investment. The 15-year waiting period before a new property is covered by this bill is part of a series of constitutional considerations about what "a fair return on investment" means. This is a conservative approach, but it is an approach that we think is necessary to avoid a claim that this measure is precluding new construction from making up the costs of investment of the new construction. It is essentially a constitutional consideration that has gone into that.

SENATOR STONE:

You mentioned two things, new construction and existing construction. To me, this creates an unequal playing field for smaller investors who are going to have caps on their rent increases not to exceed 5 percent, even though you may have an inflationary factor like we do today, of 8.5 percent.

I do not know how the Constitution protects these institutional buyers of properties from not being held accountable for rent increases, but smaller landlords, the mom-and-pop landlords, who have more than four units, are going to be subjected to this rent cap. I do not think this is an equal provision of the law.

Another concern I have is regarding pass-through charges. Landlords have to deal with present day technologies; you want to make it easy on your tenants to review their charges and pay their rent with an online portal. They may have line items for utilities, electric, water, or renter's insurance or trash. Would landlords be able to pass those charges on to tenants or would that be cumulatively considered as a part of the 5 percent rate increase?

MR. MORE:

The rent increase would include all those elements that are included in the rent. However, through the exemption process, there is a way for the landlord to apply to the Housing Division to charge a higher rent for those exact things. That is included in the definition of housing services that are part of the rent.

SENATOR STONE:

Since landlords do not have any control over the rising costs of utilities, trash, and renter's insurance, you are going to see landlords saying to tenants, you go ahead and apply for those services yourself.

Will there be a statutory time limit to require when landlords will hear back on an exemption? What if a landlord does capital improvements? We have a capital improvement plan for our units, sometimes we invest \$15,000 to \$20,000 for new flooring, paint, new appliances or HVAC units.

Even after we make those investments, we cannot charge more than the previous tenant was being charged. Yet we invested tens of thousands of dollars to improve the units, and now we must go through an exemption process. But if the exemption process is not quick, we could be waiting up to three months before we get an answer. I recommend an amendment to this bill, to require a statutory time frame for the administrative agency to respond to the exemption request. Otherwise, it is unfair to the landlord.

I also think that there needs to be a definition for "reasonable return on investment." There are so many variables for different landlords.

As an example, I have mortgages on some of my units that must be taken into consideration. I do not see that Clark County is giving me a break on property taxes because I have a rent controlled property. They want their property taxes and they want them on time, or they are going to foreclose on the property.

I have a full-time maintenance supervisor that makes sure he gets in there the same day when there is an issue. He is especially prompt about HVAC issues. We do not make our tenants wait three days with fans. We fix the problem or, if we cannot, we put them in a hotel. We provide for no-cost exterminations. In some areas, we have homeowners' association dues which rarely go down.

My concern is that you are exempting these larger builders. I would imagine that is because you do not want them here in opposition. I applaud Senator Spearman. I think she is a tremendous advocate for working-class blue-collar people. I want you all to know that I came from a working-class poor family.

I have worked hard to get where I am today. To create these bureaucratic pathways that I have to go through, to justify what I can charge a tenant not to exceed 5 percent, when inflation is 8.5 percent, means that landlords are already going to take a 3.5 percent hit.

But to exempt those who are causing the most egregious increases in rents does not make sense to me. When you pass things like this, it is going to mandate that landlords take a loss. We want to make sure that we can make up for those years when we did not have a higher Consumer Price Index.

These caps are going to hinder investments, both for large corporate landlords and small mom-and-pop businesses like mine. If you hinder investment, it is going to exacerbate the supply and demand issues that we already have in the State.

Right now, Nevada has a shortage of housing. For every vacancy, landlords receive 30 or 40 applications. The smaller landlords, instead of dealing with these complexities, will sell to owner-occupied buyers. You will not have rentals available. You are going to have landlords who will not do improvements on their units.

SENATOR SPEARMAN:

Vice Chair Lange, can Professor Goetz speak on the bill? He has empirical data to share.

EDWARD GOETZ, PH.D. (Professor of Urban and Regional Planning, University of Minnesota):

There is some research on the impact of rent stabilization programs around the Country. I will focus on the issues that we just heard. Hindering investment can be considered in two different ways. Will the program hinder investment in new construction? Many programs incorporate a new construction exemption to avoid perceived disincentives to new construction.

Studies in New Jersey, Massachusetts, and California show no real evidence that the construction of new housing falters in the presence of the rent stabilization program. Construction cycles are more dependent on larger business cycles and local land use policies.

In terms of the other type of investment, which is the maintenance and upkeep of properties, there is some evidence that minor or more aesthetic kinds of maintenance will suffer in some places. A Massachusetts study showed that although there were chronic aesthetic declines in the rental housing stock, major systems were maintained over the time period. That was really because most large capital improvements can be passed through in this process of reasonable

rate of return. A New Jersey study showed no significant impact on investment levels or housing quality.

The only study that showed a significant impact on the decline of the housing stock was a study in New York City. It was restricted to rent control units that had a hard cap on them. That is unlike the types of rent stabilization programs that you see around the Country and the type that is being proposed here.

SENATOR STONE:

How do you define reasonable rate of return? How is it calculated?

DR. GOETZ:

That is defined in different ways in different places. As Mr. More pointed out, it is a provision of the law that is in place both for constitutional concerns, but also to make sure that landlords can make appeals and get exemptions to the rent caps when it is necessary.

In answer to your question, I would only say that I have never had to do that. I have looked at different definitions. You can read the information for most cities' rent stabilization programs online. Sometimes that term is defined specifically and sometimes it is defined in practice by the review agency that is responsible for hearing the appeals.

SENATOR STONE:

If this bill exempts new construction from any rent control provisions for 15 years, does that not put existing investors at a disadvantage when they are capped? Does that not create an unfair playing field?

DR. GOETZ:

An exemption for new construction exists in every rent stabilization program that exists in the U.S. There is not a single one that does not have an exemption for new construction. As to the fairness of it, I think that is an issue that is resolved locally. The goal is not to discourage new housing construction, because of course, the overall supply is an important concern as well.

SENATOR STONE:

I think you said the right words "disincentive investment." You are absolutely right. If we had blanket rent control, nobody would invest in Nevada, Chicago,

or New York City. That is what creates an unfair playing field and does not really accomplish the goals that I think the author is trying to accomplish.

Thank you for allowing me to share my concerns. I hope that the author will consider having a level playing field for small business people who have invested in Nevada and expect a return on their investment. There are compassionate and good landlords out there. Many of them are going to get hurt if we do not have some equal provisions under the law.

VICE CHAIR LANGE:

We will hear from supporters first. I can see Las Vegas has a lot of Culinary Union members; the room is full. I want to check how many are there for this bill. Could you please raise your hand if you support S.B. 426? Thank you. We will go ahead with those who are testifying in support of the bill. We will hear 30 minutes of testimony in support, 2 minutes per person, then 30 minutes for opposition and for neutral.

MARLENE LOCKARD (Service Employees International Union 1107):

We support this measure. Limiting landlords from raising rent higher than the cost of living would help protect tenants from exorbitant rent increases and ensure that they can continue to afford their homes. This would promote greater stability and security for renters, which is especially important in today's challenging economic environment.

Additionally, the legislation includes exemptions for landlords who can demonstrate a legitimate need to increase rent beyond the cost of living. This provides a fair and reasonable balance between the interests of landlords and tenants. Overall, this legislation has the potential to benefit both renters and landlords while also promoting greater housing stability and affordability for all.

SUSIE MARTINEZ (Nevada State AFL-CIO):

On behalf of over 150,000 members and 120 unions, the AFL-CIO supports S.B. 426. This bill will help working families stretch their paychecks and make sure that they can afford housing. Nevadans have been experiencing a high cost of living and the housing crisis is burdening our families.

It is critical that the State regulate rate increases and ensure that the housing crisis is not further exacerbated. It is simple. Every single Nevada family deserves to live in stable and affordable housing.

I will tell you a quick story about one of our carpenters, a retired gentleman in his seventies. He said, "You've got to help me. My rent used to be \$900, and now it is over \$1,200." I said, "Joe, you got lucky. I have heard some situations that are much, much worse."

You know, the struggle is real. This is not a Republican issue; it is not a Democrat issue. Any of you who canvassed for your campaigns are all aware this is a big problem in Nevada.

MARC ELLIS (Communications Workers of America Local 9413):

First, I would like to say that as a landlord, Senator Stone is an exception to the rule. We strongly support S.B. 426.

JOHN SOLOMON:

I am a member of Faith in Action, and I strongly support S.B. 426. When I became a landlord, I felt I was doing something for the community of Fallon. During the housing crash, many houses in my neighborhood were empty and it felt like the community was wounded. By cashing in stock options I had earned at my job, my small business was the method houses could be purchased, renovated and put up for rent, thereby reinvigorating my neighborhood.

It was also a good business decision because not only was the value of my properties increasing, but I received income from the rents that were paid. That is now my retirement income.

With the adequate exemptions for capital improvements, unexpected maintenance costs, and the allowance for upgrades of the properties and tax increases, this is a reasonable model for rental properties. It will help maintain neighborhoods across the State and enhance the quality of life. If I am reinvesting and improving my properties, I will be able to raise rents to recoup my investment. This will encourage other landlords to do the same, which is good. It will slow what is occurring now, the relocation of hard-working tenants out of their neighborhoods with nothing to show for it. To infer that this will slow down the creation of new housing is absurd, because it does not set limits on new rents for new units.

JONATHAN NORMAN (Nevada Coalition of Legal Service Providers):

We are in a housing crisis. I think everybody in this building and around the State feels that. Our self-help center at the Justice Law Center in Las Vegas

receives 300 to 500 people each day who are being evicted. We routinely hear the phrases "they cannot raise my rent \$500, that is illegal, right?"

Our answer is no, it is not illegal in our State. Coming out of the pandemic, a flyer from the industry circulated titled "Raise the Roof" promoting no rent caps in Nevada.

Without action in this Session, a large number of elderly and disabled people will become homeless. The biggest issue in 2025 will be those elderly and disabled people who are homeless.

This crisis is not only about the most vulnerable—the elderly and disabled—it is also about the ability of everyday working Nevadans to buy a home as corporate landlords leach wealth from our State. Our Country is great because we have a middle class that thrives, a middle class built by unions. To create generational wealth, those middle-class people have to be able to enter homeownership. With rents this high, they cannot save enough for a down payment. We strongly support S.B. 426.

CHRISTINE SAUNDERS (Progressive Leadership Alliance of Nevada):

I am the policy director with the Progressive Leadership Alliance of Nevada (PLAN) and a founding member of the Nevada Housing Justice Alliance. I support S.B. 426.

We initiated our housing coalition in 2020 to bring tenant voices to the Legislature. In the past, they have often been overlooked. In the past three years, we have drafted a robust policy agenda, conducted "know your rights" trainings, assisted in filing applications, responded to summary eviction notices and even helped people move.

Out of the thousands of tenants our group has spoken to, there is one issue that has risen to the top Statewide. Rents are just too high. In the past year, nearly all of the PLAN staff who rent have received at least a \$200 a month rent increase.

Unchecked rent increases push family budgets past the breaking point, forcing them to choose between paying rent or buying essentials like food and medicine. These financial hardships can cause families to deplete their savings, push them into homelessness and send them into a spiral of poverty.

When a family loses their home, they have a short time to come up with thousands of dollars to move. Finding an affordable vacant home on short-notice often means moving away from their current school, daycare support network, and place of employment. Seniors, people with disabilities and people with health issues are particularly at risk when they lose access to their care providers and communities.

Neighborhood stability will help keep families in their homes when the rental market is stacked against them. People can afford to stay in their homes, which allows for diverse mixed-income communities to grow and thrive. Families also no longer face the risk of retaliatory rent increases when they ask for repairs or dramatic increases in rent that are intended to evict them.

When rent stabilization policies are in place, landlords can raise the rent only when they keep units safe and maintained. Rent stabilization policies protect both tenants and landlords, by including provisions that make the system fair for landlords. This year, Nevada Legislators have the opportunity to address our State's housing crisis by passing neighborhood stability. We urge your support.

ISABEL GONZALES:

I have been a guest room attendant for 13 years, and in the Culinary Union for 3 years. I support S.B. 426. I am a single mother with two boys at home. I have rented on the east side of Las Vegas since 2013. I pay \$1,700 a month for rent. With fees, and first and last month's rent, they asked for nearly \$3,000 to move in. It is hard to come up with the necessary money to move. The rental market prices have changed a lot over the past four years, it is now difficult for me to rent.

As a single mother, all the costs have gone up. Our wages have not. Companies cut housekeeping jobs. I worry that I will have fewer hours and will not be able to pay rent. I do my best to protect and provide for my children, but the high rent makes everything hard for my family. Please support S.B. 426 to protect other single moms like me who are renters.

JAMES KATZEN:

On February 14, 1776, a very knowledgeable man named Thomas Paine wrote a pamphlet called "Common Sense." We do not have much of that today. It is unfortunate. He said society is produced by our wants, government by our

wickedness. There is a lot of truth in that and not everybody is one or the other. We are all a blend of that.

I was a property owner in Phoenix 40 years ago. I was governed by legislation that defined the relationship between property owners and occupants. It led to a much easier relationship when both sides know what they are expected to do. The occupant should take care of the property and the owner should also provide a good place to live at a reasonable price. I support this bill.

SAKURA NISHIKAWA (Progress Leadership Alliance of Nevada):

I have lived in Las Vegas, Nevada, for more than 20 years. I am volunteer for PLAN, and I am here today to support S.B. 426.

My income mostly relies on tips as a food runner. Most of my income goes to rent, the rest goes to food, gas and clothes. I am worried about how many other people in Nevada, who only make minimum wage, can survive by themselves without any government aid.

My grandma's husband passed away recently. She can barely afford to pay rent with her social security. Ten years ago, she worked at Wendy's. I remember it clearly because I trained her for that fast-food job. What will happen to her if her rent goes up? I urge you to support S.B. 426 to stop our elders from having to work minimum wage jobs just to keep up with the rising cost of rent.

STEVE BORGA:

I am a porter at the Binion's Gambling Hall in old downtown Las Vegas. I have been a Culinary Union member for the past seven years. I am here today to support S.B. 426.

I first rented my apartment for \$915 about seven years ago. It is Amber Ridge Apartments on the east side of Las Vegas. During the pandemic, my mother-in-law moved in with us. She helped pay bills with her disability income. My wife had stopped working due to medical reasons.

My wife has been trying to get disability for two years. My rent has gone up, first to \$965, then \$1,065. Now I am paying \$1,160. They promised a gated community, which we never got. They took away pool privileges due to the pandemic.

It is difficult. I am the only one working in my apartment. I have medical problems too. These rent increases really hurt our families. Please support S.B. 426.

CELIA VARGOS (Interpreted by Alma Lozoya):

I am a guest room attendant on the Las Vegas Strip. I am a 64-year-old cancer survivor with two children. I am here today to support S.B. 426 for neighborhood stability.

During the COVID-19 pandemic, a lot of people fell on hard times, including my family. My son had a diabetic stroke a few years ago and is unable to work. I was struggling to help my son pay for his medicine. We tried to help each other out financially and be more stable by moving in together. Now I live with my adult son and my daughter.

We pay \$2,000 month in rent and it is expensive. Since only my daughter and I are working, we have to make difficult decisions some months so that we can afford to make rent. I am happy that the Culinary Union and Senator Spearman are taking on this fight for the workers' families. I ask Nevada leaders to support S.B. 426 for neighborhood stability.

CARLOS PADILLA:

I am a baker and have been a Culinary Union member for 30 years. A few years ago, my rent was \$1,200 a month for three bedrooms. Now I am paying \$1,800. Recently, I asked the landlord if the increase was a mistake. The landlord told me there was no law in the State that kept him from raising the rent. The high rent has affected me tremendously. I now have to budget between rent, food on the table and other necessities. I would love to own a home one day. But the way things are going, I will not be able to save for one.

I got involved politically with the Culinary Union for the midterms. We knocked on over a million doors in 2022 to talk to voters about neighborhood stability. We support political candidates who supported neighborhood stability and who believe in fighting for working families to stay in their homes.

Affordable housing should be for everyone who wants to own. But rental prices and hidden fees are making it almost impossible these days. I am proud of the work I have done with my union to drive this conversation that something must be done about high rents. Working people cannot be pushed out of Las Vegas.

We need to do something. I urge the Nevada Legislature to support and pass S.B. 426 for neighborhood stability.

KRISTINE SCHACHINGER:

I moved to Nevada in 2004 from Virginia. I was excited that I could live where I worked; in Virginia, I had to live 70 miles from my job due to housing costs. Now I am seeing the same trend here. My rent has gone from \$780 to \$2,000 over 14 years.

Initially, the increase was for improvements, which was acceptable in my view. Last year the increase was \$385. When I went to talk to my landlord about it, the landlord said no negotiation. There was nothing I could do because rent can be raised as much as the owners want. So, I am paying \$2,000 a month. I have to make \$52,000 annually to afford my housing and other bills. I make good money. I am a consultant and yet I am afraid I will not be able to afford the next rent increase in three months.

If we do not do something, we are going to wind up like northern Virginia where you have to live 70 miles away from where you work to afford housing, or we are going to have to move. Unfortunately, that may be my next decision if they raise my rent \$400 to \$500 again. I cannot afford that. If you do not help us, Las Vegas will suffer from massive moves out of the city.

ANDY ROMERO (Make the Road Nevada):

I am here representing Make the Road Nevada, a Nevada-based nonprofit that elevates the power of working class immigrant communities across the State. We support S.B. 426 in Nevada. Our members along with many other Nevadans have been subject to skyrocketing rent increases from some landlords. We hope this bill will aid most of them like seniors, single parents and people with disabilities.

SHAUN NAVARRO (Las Vegas Democratic Socialists of America):

You know, speaking to tenants, it is a common story. Folks tell me their rent has gone up \$200, everything is broken. Many landlords are not making necessary improvements because they know they do not have to. Tenants feel that they have no recourse; they have no representation.

Tenants are losing hope of finding a better living situation, let alone a house. Many are being forced out on the streets. While today you see an amazing

show of force and a community gathering together, a lot of the folks most impacted are not here because they are working two or three jobs.

This bill goes to the soul of the matter: What kind of State do we want to live in? This is a State built by the workers. Whatever we do for the people who are most in need is a judgment on the State itself. I believe housing is a human right. I think that it is an idea whose time has come.

MELANIE ARIZMENDI:

I am 23 years old. I am the daughter of immigrants in Las Vegas, a resident and a student who is a child of a Culinary Union member. I am here today in support of S.B. 426. Growing up, I had to move around a lot, mainly because of the unaffordable price of housing. During my childhood, the great recession happened, and we lost our home to foreclosure in 2008 when I was eight years old. That was traumatizing.

In 2012, my mom was able to get a good job as a guest room attendant cleaning rooms at a casino on the Las Vegas Strip. She became a Culinary Union member, where she was able to get great benefits for our family. My parents were able to save money and purchase the home that we live in now.

Before the COVID-19 pandemic, I was living on my own with my boyfriend in a three-bedroom apartment with two other roommates. Then with the pandemic, my roommates and I all had to move back in with our parents. Now my boyfriend and I are still living with my parents in Las Vegas and waiting to move out once we can find an affordable apartment. The rent is too high right now.

I support neighborhood stability because something has to be done to ensure young people like me can move out without every paycheck going to higher rents. Young Nevadans like me deserve a chance to have a successful future. Please support S.B. 426.

SERENA EVANS (Nevada Coalition to End Domestic and Sexual Violence):

I want to remind you all that housing justice and neighborhood stability are also violence-prevention programs. Ditto to what has been said. We urge the passage of this bill. The safety and success of our communities depend on it.

BRIAN HARRIS (Battle Born Progress):

I support S.B. 426. I echo the comments made by those before me.

LILITH BARAN (American Civil Liberties Union of Nevada):

We strongly urge your support of this bill. Homelessness worsens when measures like this are not taken. Last Session, we left it to landlords to make the right decisions and do the right things. They did not do that. Instead, they posted that they would like to raise the roof on everyone and that they did.

These are your farmers, your teachers, your waitresses, your staff for your businesses and all the people that make Nevada great. Making these people choose between food, medication and rent is not the Nevada way. This is not the way that we should be conducting society. If we want to get serious about school discipline, housing and crime, all of those problems that we are trying to solve here today, this is a wonderful place to start.

I appreciate that Senator Stone might be the only landlord who does the things that he says he does. As a lifelong renter, and 35 years old, I have never seen a landlord act that way.

However, we know when people are left to their own devices, they are not going to do the right thing. Being a landlord is not a job, it is an investment. When a global pandemic occurs, landlords may not get returns on their investments. That is the way the free market works. We are sorry, but people must live somewhere.

SY BERNABEI:

I was born and raised in Las Vegas and have called this city my home for more than 40 years. In the 1990s, the city went through a population boom. Housing was cheap and thousands of people and businesses moved here. It helped the economy surge in every community. Now, rents are rising faster in Nevada than almost anywhere else in the U.S. This is shameful. This is a housing crisis that will lead to more homelessness. Please fix this. I am in support of S.B. 426.

KIMBERLY IRELAND:

I have been a Culinary Union member for 14 years. I am here today in support of S.B. 426 and neighborhood stability. I currently pay \$3,000 a month for a three-bedroom house. It is a short-term rental with the option of extending it to June 2023.

The property manager is willing to extend my lease if they charge me a couple hundred dollars more per month. I have been here a month and they want to

increase my rent already. I cannot afford that. I cannot even afford what I am currently paying.

I have two adult children and my grandson living with me because it is almost impossible for us to find affordable housing. The landlord is telling me that because of new events coming to Las Vegas, he needs to raise the rent.

Right now, he can, because tenants have no protections against that. Is that what the rental properties are going to be like now, only short-term leases and constant rent increases until we are homeless? Las Vegas is my home. I would like to continue to live and raise my family here. But right now, the rent is too high. Please support S.B. 426 for neighborhood stability and protect Nevadans.

ALEXANDER MARKS (Nevada State Education Association):

We are calling in to echo the sentiment. There are only a few places in the State where teachers can afford to purchase a home, and many are struggling to afford rent. We urge your support of S.B. 426.

SHELLY SPECK (Children's Advocacy Alliance; Nevada Strong Start Coalition):

During our current housing crisis, we regularly hear about landlords making record profits on the backs of tenants. We also hear from business owners complaining there are too few applicants for open positions. More forethought needs to be put into why those open positions are not being filled.

If our current workforce is unable to find affordable housing, our economy will not be sustainable. This bill, S.B. 426, can help enhance stability of our neighborhoods and schools by potentially converting hardworking tenants into prospective homeowners.

Only when the cost of rent does not hover on the whims of landlords can potential homebuyers begin to set aside savings. That dream of homeownership can be obtained for Nevada families; if you pass S.B. 426, you are investing in Nevada's children and families.

VICE CHAIR LANGE:

We have reached the end of our 30 minutes. We will do opposition testimony.

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JOHN SANDE (Nevada State Apartment Association):

Senator Spearman is a tireless advocate for working families in Nevada. However, in this instance, it is our opinion that this policy could do more harm than good.

While rent control and rent stability aim to make housing more affordable for low-income families, it can have a negative effect on the housing market and overall economy. Economists from around the world have rejected rent stabilization as a method to increase housing affordability.

The famous Swedish economist, Assar Lindbeck, called rent control the most efficient technique presently known to destroy a city except for bombing. There are five problems we see with rent control: the reduced investment in rental properties; reduced quality of rental housing as it discourages landlords from maintaining and upgrading their units; rent-controlled apartments become scarce; reduced mobility of the renters as new locations are too expensive; and renters may be unable to find affordable housing in a new location. This can reduce labor, mobility and economic growth.

DYLAN KEITH (Vegas Chamber):

The Vegas Chamber comes today in opposition to S.B. 426. It is our principle to believe in the free market and to remove burdensome government intervention in determining market prices.

There is a severe housing shortage. In November, reports showed that as many as 80,000 new units are needed to address the housing shortage. This bill will not do that.

What will develop housing is speeding up licensing requirements and creating abatements for affordable housing units. The Vegas Chamber supports those pieces of legislation. We ask you to oppose S.B. 426.

MENDY ELLIOT (Nevada Rural Housing Authority):

We appreciate this bill. We are grateful for section 4, subparagraph 3, exempting properties owned by government entities and for those properties that accept housing choice vouchers.

However, the Nevada Rural Housing Authority is currently opposed. We are concerned about the cost of implementation and the unintended consequences

of this legislation. We work hard in our service area to encourage more housing development. We are concerned that elements of this bill might discourage the expansion of our existing housing inventory in both rural and urban Nevada.

We are happy to work with Senator Spearman and additional stakeholders and certainly this Body to alleviate our concerns with S.B. 426.

KEITH LYNAM (Nevada Realtors):

Regretfully, I am here in opposition to S.B. 426. We understand the fear of the unknown, the loss of security and the fear of never being able to buy a home. We sense the frustration. We share that frustration, which is why the Nevada Realtors have supported several affordable housing bills. There is Assembly Bill (A.B.) 213. There is A.B. 416. There is S.B. 223, and there is also S.B. 395.

ASSEMBLY BILL 213: Revises provisions governing residential zoning (BDR 22-250)

ASSEMBLY BILL 416: Provides an exemption from property taxation for accessory dwelling units leased to certain tenants. (BDR 32-187)

SENATE BILL 223: Revises provisions relating to real property. (BDR 2-657)

SENATE BILL 395: Revises provisions relating to real property. (BDR 10-288)

I am regretfully opposed to this bill because the out-of-state multibillion dollar Wall Street hedge funds that you are mad at will not feel a bump. I say regretfully because you will be punishing the mom-and-pop Nevada homeowner. They will be damaged and treated just like the Wall Street hedge fund you are mad at. Not one example cited in the presentation today was from a Nevada homeowner.

Nevada Realtors represent both sides of this issue, do not forget that. We represent the Nevada homeowner, and we represent the Nevada workers who rent those homes. This bill will do one thing: It will force our Nevada mom-and-pop homeowners, many of whom do not raise rents every year with their long-term tenants, to raise their rents at the maximum amount every year.

This will guarantee a maximum amount of raises in those rents. If those rents are not enough to cover their costs, the small landlords will be forced to sell

their rentals, cutting into an already historically low inventory. We stand ready to work on effective solutions to our housing affordability crisis.

THOMAS BLANCHARD (Nevada Realtors):

We need more homes. End of story. We have done such a great job of bringing people to Nevada that this is what we have gotten ourselves into.

But this bill will cause shortages in homes because fewer people want to go through the red tape to request exemptions, especially the smaller landlords. They will not want to go through all the red tape of having to deal with becoming and staying landlords. As a property manager, I know there are great landlords like Senator Stone out there. There are more of them than you want to give credit to. We need to be mad at the institutional owners. But do not throw the baby out with the bathwater and kill all those great landlords that are out there doing the right thing.

MACKENZIE WARREN KAY (Ovation Development):

We are here to provide our developer voice. In spite of the exemption to new construction in the bill, we are also really proud to be one of Nevada's largest and leading developers of affordable housing for low-income seniors and working families.

Ovation Development opposes S.B. 426. To begin, rent prices are beginning to flatten and even decline. While it is never fast enough for residents in need of relief, Nevada's rental market is stabilizing. Last summer was a peak and an outlier. Ovation's occupancy rate was 98 percent. This is nearly max capacity. These are the same historic highs that we saw during the pandemic. During that emergency, Nevadans stayed put, good landlords like Ovation honored our State's eviction moratorium. Then we saw the shift.

People started moving, and they were confronted with that housing scarcity. Supply is the answer to this crisis. Nevada's housing supply does not meet the needs of our community. However, more product is starting to come online. Ovation has 1,400 units under construction. We plan to break ground on approximately 1,000 more units later this year.

Over the last eight months, Ovation's average market rent has dropped \$100 or more since last August. That is not enough of a drop nor fast enough, but it is a move in the right direction.

Rent control will squeeze the development pipeline. The appeals process in S.B. 426 does not cure the broken policy. Importantly, developers look well beyond a 15-year timeline when deciding to invest. To implement rent stabilization such as this, amid a slowly healing housing market, could disrupt the current market correction that is already under way.

What do we see when policies like these are implemented? Capital investment disappears, property improvements become scarcer, the quality of our housing declines and in turn property values and tax revenues.

WISELET ROUZARD (Deputy State Director, Americans for Prosperity):

On behalf of thousands of our activists, I urge you to oppose this bill. Senator Spearman is an amazing advocate for the middle class, for all Nevadans. We agree there is a major problem, whether it is inflation, housing, or prices across the board. It is a big issue. However, the solution proposed here through S.B. 426 is not the way.

Although the bill seeks to address some serious issues within the housing market related to the price of certain rentals, it does create some unintended consequences. It would impose severe restrictions on landlords, the housing market and cause the proliferation of more cronyism, to which government becomes more empowered to pick winners and losers.

Senator Stone is absolutely correct. Rent control bills like S.B. 426 have proven harmful to many states and cities that have enacted it. The most recent example is St. Paul, Minnesota. Their 2021 rent control law was immediately pulled by the African American mayor Melvin Carter, who thought that loss of real estate funding and the increase in rent prices was a result of that law. The adverse effects on an already high rental market will take away incentives for more rentals entering the market, which would lead to higher prices and cause more housing affordability issues.

If this bill passes as written, small individual property owners, with single-family homes, casitas, condominiums and multi-family duplexes, may decide it just makes more sense to sell.

If your goal is to help low-income families, we suggest that we can do that by unlocking economic opportunity. We should do three things: rein in and reform

burdensome housing and land use and zoning regulations, eliminate cronyism and remove tax subsidies for billionaires and major corporations.

VAL THOMASAN (Las Vegas Democratic Socialists of America):

I am a single working mother, and I have worked extremely hard to pull my family out of poverty. I did everything that I was supposed to do. I graduated college when I was in my thirties and I found a career. But it did not matter because every single dollar that I have earned has gone towards these constant and unrelenting rent increases.

I have moved six times in the last five years because every time that I renew my lease, the rent goes up. I do not mean by \$40 or \$50; I mean \$400 or \$500 every month. That rent increase has occurred every year since the pandemic.

I live in constant fear that this next lease is going to be the one that locks me out of the rental market forever because there will not be a path back in for people like me who have nowhere else to go. I am asking you to please support S.B. 426. The only people here who are opposing it are lobbyists.

SHANEKA COOPER:

I am a hard working home-care worker here in Las Vegas, Nevada. I am here because my family and I have been directly affected by the rent increase. We have had to move several times over the past few years. Recently, I found a place and my lease was up, I was served with a 30-day, no-cause notice. I immediately contacted the owner. I was told not to worry, that it was just his property management company doing its job.

Then the homeowner's association where we lived sent all the homeowners letters notifying them what they were charging tenants and what they could be charging. After our landlord received that, we were immediately told we had to move. We were given three days' notice. I begged the owner for more time because I have a son who is paralyzed in a wheelchair, and I would not be able to find a suitable place for us to live.

The landlord told me to take it as a hard lesson learned. There was nothing else he could do. I am here in support of S.B. 426. Please help us here. This is a serious problem for all of us.

BRENDA LOMELI:

I am 19 years old. I am a full-time, minimum-wage worker. I am here because I am barely able to make it. I do not have any kids. All I am doing is paying for insurance and rent and I am already struggling. I cannot imagine a single mother or single father trying to deal with this. My brother was in an accident and had to move back in with us.

At the end of the day, we are all just humans. One job should be enough to pay our way, no matter the age, no matter the color. We should not have to worry about having a roof over our heads for the holidays. We should not worry where our next meal will be. Housing is a human necessity. It is all we need to live and yet we are struggling. We must fight for it. We really need your support.

SIMBA PERKINS (Interpreted by Tamara Favors):

I am here in support of S.B. 426. I am a community member living in Las Vegas. Neighborhood stability is essential. Longtime residents are being pushed out of homes due to skyrocketing increases in rent year after year.

The policy is important because a lot of people are on fixed incomes or work part-time or have one full-time job that does not pay enough. They end up getting themselves into more debt by taking out loans or overworking themselves by getting more than one job. That takes time away from their work/life balance. There are also some people who are forced to live in bad communities due to rental costs. It should not be that way. Everyone should have access to clean, decent housing, not houses with bugs and mold. I urge you to pass S.B. 426.

BARBARA PEREZ:

I have been a member of the Culinary Union for five years. I am here to support neighborhood stability.

ELIZABETH RENTERIA:

I support the bill.

ANGELICA CAMACHO:

I am a Culinary Union member, and I support neighborhood stability as well. I support the bill.

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AARON MAHAN:
I support the bill.

EDRULFO CAMACHO:
I support the bill.

ABIGAIL PADILLA:
I am a daughter of a union member. I am a mother of four and guardian to three other children. Last year, I had to start working due to the rent increase. I feel like my kids have lacked parenting since I have to work. I need to be focused on work to help pay rent and to try to survive here. I have been here since 1995. Where once I could spend time with my kids, now I cannot. We have been struggling.

MIGUEL REGALADO:
I have been a Culinary Union member for over nine years. I support S.B. 426; it will help neighborhood stability.

MAURICIO FONSECA:
I support S.B. 426.

GLENNA BOLSTER:
I support the bill.

ERICKA LOPEZ:
I support this bill. I am a new homeowner. But before, I had to live with other people for nine months. I had one room for me and my child. The landlord gave me one day's notice to increase my rent by \$600. That is not fair to families.

JESUS LANDEROS:
I am here in support of S.B. 426. I join the growing line of people here supporting the bill.

PATRICIA LINDSEY:
I am a Culinary Union member. Ditto.

THELMA VARQUEZ:
I am a Culinary Union member, and I support S.B. 426.

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HERMALINDA VALLINA:
I support S.B. 426.

UNIDENTIFIED TESTIFIER:
I support S.B. 426.

ASELA MARTINEZ:
I am a Culinary Union member and a single mother, and I support S.B. 426.

ELSA ROLDEN:
I am a Culinary Union member, and I support this bill.

IGNACIO MARTINEZ:
I am a Culinary Union member, and I support S.B. 426.

LALO MONTOYA (Make the Road Nevada):
I am at Make the Road Nevada and we support S.B. 426.

ERIKA MARQUEZ (Make the Road Nevada):
I support S.B. 426. I am here to speak on behalf of one of my members. He is a 73-year-old senior citizen who is surviving off his \$800 pension. His rent is \$700. He and his wife literally survive off \$100 a month. This is not fair. Housing is a human right and should be a human right.

YUSETT SALOMON:
I am supporting this bill.

URIEL RODRIGUEZ:
I have been a Culinary Union member for a year. I support the neighborhood stability bill.

RAWANDA ROGERS:
I support the bill.

MAURICIO GARCIA LOPEZ:
I am here to show my strong support for S.B. 426. Please support this bill.

RONEL PORTILLO:
I am supporting S.B. 426. I am a union member.

JACKIE SPICER:

I am speaking as a lifelong Nevadan and voting constituent of Senate District 20. Senator Stone, you are my representative. You are elected to represent my family and my neighbors and not your personal financial interest as a landlord. No matter how you define and measure return on your investment, that ROI is the profit you take from the hard-earned income of tenants in Nevada. This rent stabilization is long overdue. Most of us are struggling to pay rent. This is about the hardworking Nevadans that you are supposed to represent. I urge you to support S.B. 426.

SILVIA BUENROSTRO:

I am in favor of S.B. 426 and I echo all the other members and brothers and sisters who support this as well. This will also help all of the landlords. These apartments also get people who are just coming in and doing things that are not correct. They are unsafe. Unfortunately, where most of the people have to work, everybody has to go out and make a living. It is just unaffordable with this constant price gouging.

I am trying to relocate to Reno. I see the prices there are outrageous. It is unaffordable for anyone who is making minimum wage and has a family. My children are young. We must look out for their well-being, too. Sometime in the future, they need to be independent and live on their own. I have to think of my retirement. I lost my home in 2009 due to the economic crash. I am not worried about my future. I am going to be able to live on my own, or with my children and be a burden to them. Please support this bill.

LIZ SORENSON (Nevada State AFL-CIO):

I am here today in strong support of S.B. 426. This housing crisis is real, and it is devastating to hear that people are having to choose between paying the rent and putting food on their table. I urge this Committee to support S.B. 426.

MR. SAVWOIR:

We are in strong support of S.B. 426. We have a real housing crisis in this State. I urge all Committee members to consider the human aspect of how urgent this crisis is.

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EDWARD GOODRICH (International Alliance of Theatrical Stage Employees, Local 363):

Our members are also having issues with these unethical landlords and unconscionable rent increases. We need this legislation. I understand the issues of Senator Stone. I really wish all landlords would come up to his standard. If they did, Nevada would not need this legislation. Unfortunately, too many do not.

Their business model seems to be pillage for profit. Our members are suffering greatly due to no fault of their own. Many are taking a close interest in this legislation. We support S.B. 426 and the palliative economic effect it will have on renters in Nevada. We ask the Committee to support it as well.

ADRIAN LOWRY (Northern Nevada Democratic Socialists of America):

I agree with the previous speakers. I would like to remind you that most people in this State are not landlords. The majority are harmed by large increases in the housing costs. Landlords are not dying in the State; it is renters who are dying because they cannot afford to pay for both housing and health care. They must decide whether to have a roof over their children's heads or pay for their medicine. You need to address this.

JOVAN JACKSON:

I support this bill. I was born and raised in Nevada. This State used to be a place where you could go to work and not worry about having to pay your rent; but with these rent increases, it is not like that anymore. Nevada has been home to me for a long time, but this place does not feel like home anymore.

ALAN MORALES:

I am here today to testify in favor of S.B. 426. I have been a resident of Henderson for the past two years. When I first got my apartment, it was affordable. However, last year, my landlord raised my rent by over 20 percent. As a result, my family and I sometimes struggle to make ends meet.

It is extremely unfair and unjustifiable. I have heard horror stories from many tenants across Las Vegas. There are people who have had their rent increased 300 percent. I am here to support this bill. It is essential to protect long-term residents from being pushed out of their homes due to skyrocketing rental increases year after year.

This bill will also hold landlords accountable because anyone who violates this law will be liable for three month's rent, plus actual damages suffered. Also, this bill will limit rent increases to the cost of living with a 5 percent cap. It also exempts small mom-and-pop landlords and new construction.

I think this is going to protect the most vulnerable and also make sure that everyone benefits from this law. What has been happening for the past few years is terrible. Hundreds of residents are getting pushed out due to reactions from landlords. It is time for the State to act. I urge you all to vote for this bill.

MATTHEW WILKIE:

I agree with the earlier statements. I support S.B. 426.

NATHANIEL PHILLIPPS:

I am a Nevada resident, born and raised in Las Vegas. I live in zip code 89101, which is quickly becoming one of the most gentrified parts of the city. I want to call out something that we have heard in opposition. We should be clear about calling out misinformation from the landlord and realtor industry in our State. That industry has a chokehold over our politics and our economy and over certain Legislators as well.

Many of the points that they are proffering are part of a blatant multistate national misinformation campaign. Policies like rent control are effective, especially, when done in conjunction with other rational ways of governing. This is a question of governance and having the political will to do what is right.

It is indefensible for our elected officials and the lobbyists in the room not to push comprehensive solutions. The rent crisis is a racial justice issue. It is an economic justice issue. Those who are most likely to be unable to afford shelter to live as human beings are Black people, Latinx people, low-income people, disabled White folks, and queer people of all colors. If you purport to care about any of those people I have mentioned, you must pass this comprehensive legislation.

My main point is to support the bill, but also to call out the lies, the fearmongering and immorality we hear from the realtor and landlord caucus. We do not want to destroy realtors. We want people to have homes and shelter to live in. It is their human right.

LANI McCLOUD:

I am in opposition to this bill. More regulations have led to less quality of life. I do not understand how I am considered low-income, when I am making the money that I make, which is more than my parents made when they were my age.

We do not need another Band-Aid type of legislation. We need to fix the root problem. We need to reach back and take more accountability for these communities that seem low-income. We need to figure out how to work together to fix those communities so that individuals do not feel like they have fewer affordable housing options. Please oppose this bill.

MR. CARLO:

I am neutral on this bill. However, Senator Stone always provides a voice of reason. Much of what he has said has persuaded me to be in opposition. Americans for Prosperity has in-depth knowledge. I disagree that the Legislature should be getting involved. Basically, I am against raising rent. People cannot afford it.

What are we doing about that? How are we providing jobs and diversifying our economy? We need to stop licensing investment companies like Blackstone. Who gave them permission to do business in Nevada? That is what we need to look at. Someone granted them that ability. Whoever is licensing these big corporate companies is raising prices on my people. At the Economic Forum, I saw how hundreds of millions of dollars are being given in tax credits to the people at the top and less than 10 percent will go to the people at the bottom.

SENATOR SPEARMAN:

I appreciate all the comments, whether they were in support, opposition or neutral. We need to have robust conversations about this issue. Small businesses are affected. When rents escalate, many small businesses are hurt as well. Necessity is the mother of invention, someone said, and so, I will take the opportunity to ask Senator Stone to help us with this issue.

My challenge to you, my colleague, is to develop a program, work with other landlords and the people who have been affected by the housing shortage. Everyone has said your approach to being a landlord is unheard of, that not every landlord does what you do. Most landlords are not like that, and they complemented you. Meet with the members of the Culinary Union and see

about developing some type of a webinar that would be helpful. Share with others how to do what you do. If that happened, we might not have a fiscal note on this bill.

I received a call from some people who just found out a woman and her three children were living in Aliante Nature Discovery Park, which is in my Senate District. It is over on Aliante Parkway and Interstate 215. Most people there are not hurting. The Aliante area has always been perceived as well-to-do.

It turned out this mother and her children had lost their home because they could not pay their rent. They lived in the park for about a month before their family realized what was happening.

We have all come a long way, me included. But I want to thank those who took time to ask me where I was trying to go; they stopped to help me get here.

Any success in life is always the result of people looking at what we are trying to do and then having the ability to help us. There is an African Proverb that says, "If you want to go fast, go alone. If you want to go far, go with someone."

MR. PAPPAGEORGE:

Our goal with this bill is to be balanced and fair. Senator Stone raised some issues. We appreciate that. For example, we must have an exclusion for new construction because it is necessary, in fairness, to attract new construction.

But the overall existing inventory is 360,000 units in the greater Las Vegas area. New construction in the pipeline is about 9,400; about 3 percent of the total. In order to attain an effective result that addresses this incredible housing crisis, we have to try to be in the middle.

We have the same thing with the issue of a reasonable rate of return for landlords; something that is broadly interpreted to be fair to both renters and landlords. Again, that is our goal here.

We are dealing with large institutional investors that are actively buying homes, apartments and vacation rentals and cornering the market. Even with the rates of inflation that we are all dealing with, there is still no excuse for 30 percent,

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40 percent, even 50 percent increases. There is no excuse for \$400, \$500 and \$600 increases in monthly rentals.

This is a crisis we must deal with. In this fair market, there is a need for some fair balanced regulation. That is what we think this bill does. This is the No. 1 issue. You heard how folks with the Culinary Union knocked on a million doors last election cycle in the greater Reno area and in the greater Las Vegas area. By far, this was the No. 1 issue. There are a lot of big issues out there, but for Nevada and Nevadans, we have to take on this housing problem.

VICE CHAIR LANGE:

We have received two letters of support ([Exhibit I](#)) for S.B. 426. I will close the hearing on S.B. 426 and turn the gavel back over to Senator Spearman.

CHAIR SPEARMAN:

We will now take public comment.

MR. ROUZARD:

I do want to end this Good Friday by thanking the Vice Chair and Chair for an amazing job. This is one of the best committees. More importantly, I find that there is a true balance in testimony. I know you all do not hear it enough, but I appreciate you running your Committee the way you have throughout the Session. Thank you for allowing members on the Committee to express some questions and thoughts.

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CHAIR SPEARMAN:

Happy Good Friday to those who celebrate. Happy Passover, Shalom to those who are in this season. We are adjourned at 11:29 a.m.

RESPECTFULLY SUBMITTED:

Kelly K. Clark,
Committee Secretary

APPROVED BY:

Senator Pat Spearman, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.B. 203	C	4	Cesar Melgarejo	Work Session Document
S.B. 276	D	5	Cesar Melgarejo	Work Session Document
S.B. 330	E	5	Cesar Melgarejo	Work Session Document
S.B. 402	F	6	Senator Pat Spearman	Proposed Amendment
S.B. 386	G	18	Senator Pat Spearman	Amendment to Barbers' License by Gwen Braimoh
S.B. 426	H	26	Senator Pat Spearman	Proposed Amendment by Paul More
S.B. 426	I	56	Senator Roberta Lange	2 Letters of Support