

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

**Seventy-Third Session
February 8, 2005**

The Committee on Transportation was called to order at 1:32 p.m., on Tuesday, February 8, 2005. Chairman John Ocegüera presided in Room 3143 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Mr. John Ocegüera, Chairman
Ms. Genie Ohrenschall, Vice Chairwoman
Mr. Kelvin Atkinson
Mr. John Carpenter
Mr. Chad Christensen
Mr. Jerry Claborn
Ms. Susan Gerhardt
Mr. Pete Goicoechea
Mr. Joseph Hogan
Mr. Mark Manendo
Mr. Rod Sherer

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Marjorie Paslov-Thomas, Committee Policy Analyst
J. Randall Stephenson, Committee Counsel
Angela Flores, Committee Manager
Linda Ronnow, Committee Attaché

Katherine Andrews, Committee Assistant

OTHERS PRESENT:

Kimberly Maxson-Rushton, Commissioner, Nevada Department of
Business and Industry, Transportation Services Authority
David Kimball, Deputy Commissioner, Nevada Department of Business and
Industry, Transportation Services Authority
Paul Townsend, Legislative Counsel Bureau, Auditor
Rocky Cooper, Legislative Counsel Bureau, Audit Supervisor
Yvette G. Moore, Administrator, Nevada Taxicab Authority, Department
of Business and Industry

Chairman Oceguela:

Will the Assembly Committee on Transportation please come to order.
[Roll called. Introduced himself, members of Committee, and Committee Staff.
Reminded members, staff, and audience of courtesy and Standing Rules.]

This Committee meeting will begin at 1:30 p.m. Tuesdays and Thursdays and I ask that, please, all members and staff, unless excused by me, be in attendance at all meetings from the time the meeting begins until the time the meeting adjourns. Sometimes that will possibly be late into the afternoon.

I want to emphasize the importance of courtesy in dealing with other members of the Committee, staff, and all the persons that testify before us. I expect all of us to use respect with each other, even if we do not agree with each others' positions. It is of the utmost importance to provide a fair hearing to all parties on all bills that are scheduled for a hearing. I also want to point out the importance of public testimony at all of our meetings. We must never forget that we are here to serve the public; their testimony deserves our respect.

I have asked Ms.Thomas to give us a refresher by covering the session deadlines during her presentation, but I need to point out some of my own limits and deadlines for the Committee.

Because of the time limits proposed by the 120-day session, I may have to schedule several bills for each meeting, and thus limit testimony in many instances. I strongly encourage testimony before this Committee, and encourage lobbyists and concerned persons to provide legislators with information.

Later this afternoon we will receive a presentation concerning the Transportation Services Authority, the TSA, by the Legislative Auditor. We will also hear a presentation by the TSA and the Taxicab Authority.

[Chairman Ocegüera, continued.] On Thursday, starting at 1:30 p.m. in room 1214, we will hold a joint hearing with the Senate Transportation Committee. We will receive an overview of Nevada's Department of Motor Vehicles, Nevada's Department of Transportation, the Regional Transportation Commission of Washoe County, and the Airport Authority of Washoe County. Tuesday in joint hearing with the Senate Transportation Committee, we will hear an overview of the RTC [Regional Transportation Commission] of Southern Nevada and the Las Vegas Monorail.

After all the presentations are completed we will begin hearing bills late next week. I am looking forward to working with all of you this session, and I know that we have ahead of us some interesting days of testimony, deliberation, and action.

As in most of the Committees today, we are going to do some procedural items. First, we would like to adopt our Standing Committee Rules. ([Exhibit B](#))

ASSEMBLYWOMAN OHRENSCHALL MOVED TO ADOPT THE
STANDING COMMITTEE RULES.

ASSEMBLYMAN CARPENTER SECONDED THE MOTION.

THE MOTION PASSED.

Chairman Ocegüera:

Let's move on to the Committee Brief ([Exhibit E](#)) and overview of session deadlines by Ms. Paslov-Thomas.

Marjorie Paslov-Thomas, Senior Research Analyst, Research Division, LCB:

[Introduced herself.] [Handed out [Exhibit D](#), and [Exhibit B](#).] As the Committee Policy Analyst, I am available to provide information to each of you, and as an employee of the LCB [Legislative Counsel Bureau] I am prohibited from supporting or opposing any legislative measure. At the request of Chairman Ocegüera, I am presenting an overview of the Committee Brief and a review of the 120-day session deadlines ([Exhibit C](#)). The Committee Brief ([Exhibit E](#)) provides general background information and summarizes selected issues

pertaining to the Assembly Committee on Transportation. The Assembly Committee on Transportation considers bills affecting the following *Nevada Revised Statutes*, titles, and chapters, with the exception of measures affecting state and local revenues, the measures affecting growth and infrastructure.

[Marjorie Paslov-Thomas, continued.] The Committee has jurisdiction over selected chapters, Title 32, Title 35, Title 43, Title 44, and Title 58. The complete list of NRS chapters can be found on pages 2 and 3 of the Committee Brief.

During the 2003 Legislative Session, the Committee reviewed a total of 73 measures. The Committee approved or reported out 43 measures, of which the Governor signed 35. Roughly 81 percent of the total measures approved by the Committee became law.

Some of the primary issues addressed by the Assembly Committee on Transportation during the 2003 Session include driver's licenses and registration, special plates, traffic laws, motor vehicle repair and sales, rental cars, motor carriers, and taxis.

Pages 3 through 7 of the brief provide a more in-depth summary of each topic, including portions of the bill summaries. Briefly, I will highlight a few of the major issues heard by the Committee during the 2003 Session.

In 2003, the Assembly Committee on Transportation considered and the Legislature passed several measures relating to driver's licenses and registering motor vehicles. The measures included repealing a provision authorizing the Department of Motor Vehicles to refund unexpired registration fees and privilege taxes, when the owner of a motor vehicle cancels his or her registration early. Exceptions are made if there are extenuating circumstances and if the refund exceeds \$100. A number of bills were enacted to provide for special license plates. Several special license plates were approved. In addition, the Commission on Special License Plates was created as another option for the authorization of special plates. In addition to direct legislation authorization, the new method is known as direct application petition to the DMV. Further, there is a 25-design cap on the production of special license plates, and the mechanism to seize issuements of low-demand plates.

In the area of traffic laws, the Legislature required that a driver decrease the speed of his vehicle when approaching a stopped emergency vehicle that is using its flashing lights. A child who is both less than six years old and who weighs 60 pounds or less must be secured in a properly installed child restraint system when traveling in certain vehicles.

A driver on a highway does not have to yield the right of way to vehicles entering or exiting the highway, except on controlled-access highways.

[Marjorie Paslov-Thomas, continued.] A district attorney must prosecute violations that occur when a driver of a vehicle fails or refuses to comply with the signal of an authorized flagman in a highway construction area.

The Legislature also passed measures relating to motor vehicle repair and sales. Those bills included: requiring the Commission on Financial Institutions to translate into Spanish sales forms that are used regularly when selling vehicles; defining salvaged vehicles; allowing an insured or a claimant or uninsured to select a licensed body shop for repairs to a motor vehicle; and imposing restrictions and requirements on the repair, transfer, and titling of such vehicles.

In the area of rental cars, the Committee made changes governing fees collected by rental car agencies, and provided that a lessee of a passenger car is responsible for physical damage to the car, regardless of the cause of damage.

The Committee passed measures regarding the regulation of limousines, movers of household goods, and taxis. It is illegal for a person to advertise as a fully regulated carrier unless that person has been issued a certificate of public convenience, or necessity, or a contract carrier's permit. The Legislative Commission was directed to study issues related to the allocation of limousines.

Additionally, a passenger who is 18 years of age or older is required to wear a seat belt while being transported in a taxi. Taxi companies are allowed to self-insure for the full amount of the insurance coverage required by the Taxicab Authority.

There are several reports regarding transportation issues that will be presented to the Committee or to the full Legislature during the 2005 Session. There are also several interim study reports that may be of interest. The list of these reports may be found on page 8 of the brief ([Exhibit E](#)), and if anyone is interested in obtaining a particular report, please let me know and I will make sure to get it to you.

On page 9 of the issue brief ([Exhibit E](#)) are some highlighted issues that may come before the Committee this session, with the exception again of measures affecting state and local revenues and measures affecting growth and infrastructure.

Young drivers and driver licenses has been a topic of consideration for Nevada's Legislature since 1997. As in previous legislative sessions, there may be proposals to revise the provisions relating to driver's licenses for young people.

[Marjorie Paslov-Thomas, continued.] The DMV has several bill draft requests ([Exhibit D](#)) that may come before the Committee. The topics include driver's licenses, advertising at DMV facilities, customer service enhancement, and motor vehicle insurance verification forms.

The Committee may also consider bills that have been requested by Nevada's Department of Transportation. These include a civil penalty for operating a vehicle carrying fewer than the designated number of people in a high-occupancy vehicle lane, and traffic safety issues. Proposals relating to aviation, limousines, motor vehicle registration, motor vehicle sales, special license plates, and traffic laws may also be considered by the Committee.

Briefly, on page 10 of the Committee Brief ([Exhibit E](#)), are the key dates for the 2005 Legislative Session. I have also provided a copy of the 120-day calendar in the back of the brief. I would like to summarize the schedule of due dates again imposed by the *Constitution of the State of Nevada, the Nevada Revised Statutes*, and the Joint Rules regarding the 120-day legislative session: You will notice on

- February 14: final BDRs for legislators
- February 28: final Committee BDRs
- March 21: introduction of all bills required by an individual legislator
- March 29: deadline for introduction for all bills requested by a standing committee
- April 15: all bills to be passed if they are to be passed out of committee of reference in the house of origin
- April 26: all bills to be passed if they are going to be passed out of the house of origin
- May 20: all bills to be passed if they are going to be passed again out of the committee of reference in the second house
- May 27: all bills to be passed out of the second house

Attached to the end of the document ([Exhibit C](#)) is a list of transportation contacts that you may find useful during this session.

Chairman Ocegüera:

Are there any questions from the Committee? Ms. Paslov-Thomas, I would like to thank you for your excellent work.

We will move right into the presentation of the audit of the Transportation Services [TSA]. Mr. Townsend, Mr. Cooper.

Paul Townsend, Legislative Auditor, Audit Division, Legislative Counsel Bureau:

[Introduced himself.] I have with me Rocky Cooper, Audit Supervisor, LCB, and I just want to thank you for the opportunity to present this report ([Exhibit F](#)) to you today. The Audit Division exists to provide legislative oversight and assist you, and often that is limited to the money committees. I do believe this report does provide an example of services we can provide the policy committees as well. Nonetheless this report did originate in the money committees in a letter of intent, signed by the Chairmen of the Senate Finance, and Assembly Ways and Means. That letter of intent did go to the Legislative Commission, which authorized an audit on October 30, 2003. The main reason the audit was authorized was because we had not yet audited this agency since it had been created in 1997. With that said, I would like to turn it over to Mr. Cooper, who was the audit supervisor on the audit, and he will do the presentation.

Rocky Cooper, Audit Supervisor, Audit Division, Legislative Counsel Bureau:

[Introduced himself.] I would like to start on page 7 of the report ([Exhibit F](#)) with some background information. The Transportation Services Authority, commonly referred to as the TSA, administers and enforces state laws pertaining to passenger transportation, household goods movers, and tow cars. Passenger transportation regulated by the TSA includes limousines, taxicabs outside of Clark County, charter buses, and airport shuttle services. I would like to note that the Taxicab Authority regulates the taxicabs in Clark County.

The TSA was created by the 1997 Legislature. Prior to this time, the Public Service Commission was responsible for regulation of these carriers. TSA staff are located in offices in Las Vegas and Sparks. In fiscal year 2004, the TSA had a total of 25 authorized positions.

On page 8, on the first paragraph, we note that TSA is funded primarily by a highway fund appropriation. In fiscal year 2004, the TSA received an appropriation of approximately \$2.2 million, and they also collected about \$350,000 in fees and fines.

The top of page 9 ([Exhibit F](#)) provides an overview of the number of carriers, and the number of vehicles for each type of carrier. In total there were 290 carriers, with close to 2,300 vehicles, at the end of 2003. Also on page 9 is our audit scope and objective at the bottom. This audit focused on the TSA's oversight of certified carriers in operation during calendar year 2003. The objective of our audit was to evaluate the TSA's monitoring of certified carriers,

including whether activities were carried out in accordance with applicable state laws, regulations, and policies.

[Rocky Cooper, continued.] Turning to the top of page 10, our overall conclusion is that the TSA had not established sound processes for monitoring carriers under its authority. In our first section of findings, we identified that vehicle safety inspections were not performed. Limousine and taxicab carriers do not perform annual vehicle safety inspections as required for most of the vehicles that we tested. Our review of safety inspection records, where 68 vehicles were identified, 58 were not inspected as required during 2003. Although the TSA does not perform these safety inspections, they are responsible for ensuring carriers comply with the annual inspection requirements.

On page 11, in the middle of the page, we also found that limousines and taxicabs were not inspected before they were placed in service. The TSA could not provide inspection records for 23 of 30 vehicles we identified as placed in service during 2003. The placed-in-service inspection is more comprehensive than the annual vehicle safety inspection previously discussed.

This inspection includes reviewing the vehicle safety inspection report, verifying proof of insurance, registration, and checking other features installed after purchase, such as emergency lights.

Turning to page 12, the next finding applies to bus inspections. The TSA does not have a process to identify buses requiring inspection. For all 20 bus companies we selected, the TSA could not provide any information regarding bus inspections. Two types of inspections are required for intrastate buses under the TSA's authority. These are the annual safety inspections and the placed-in-service inspection. According to management, procedures are being developed for tracking buses and the inspection of buses operating in Nevada. At the bottom of page 12, we made two recommendations to improve the vehicle inspection process.

The second section of finding starts on the top of page 13. We found that better oversight of carrier operations is needed to ensure that carriers comply with requirements intended to protect the public. For example, the TSA's on-site inspection process needs improvement. The TSA could not provide evidence it had ever conducted an on site inspection for 22 of 40 companies we tested. Half of the companies without an inspection report were in operation before inception of the TSA in 1997. On-site inspections are important for identifying and correcting violations. An on-site inspection would include

reviewing driver qualification files, reviewing vehicle maintenance files, and verifying a random drug testing program is in effect.

[Rocky Cooper, continued.] On page 14 ([Exhibit F](#)) in the middle of the page, carriers do not always meet minimum financial requirements. The TSA did not monitor fully regulated carriers to ensure their operations are financially stable. In our review of annual financial reports we identified 9 of 20 carriers that did not meet the 20 percent of owners' equity requirement for reports submitted in 2003. Furthermore, five of these carriers had not met this requirement for two years or more.

Turning to page 15—we also identified taxicabs for not taking out of service when required. One company did not take 15 taxicabs out of service when the vehicles reached the time limit for months and use. In Washoe County, the time limit for use is 48 months for used vehicles, and 60 months for new vehicles. The staff was unaware that these vehicles should have been taken out of service in 2003, and they issued 2004 license plate decals for these vehicles. At the bottom of the page, carrier lease agreements with taxicab drivers are outdated. Six of the eight carriers that leased their taxicabs to drivers used out-of-date lease agreements. The six out-of-date lease agreements were in effect prior to inception of the TSA in 1997, refer to the Public Service Commission, and do not state the current requirements that the lease drivers must follow.

On page 16, we made four recommendations to help improve the oversight of carrier operations. At the bottom of page 16, we found that TSA can improve consumer protection in areas related to taxi meter rates, complaints, and carrier advertising.

On page 17, the TSA did not inspect and seal any taxi meters between September 2002 and December 2003. During this time, carriers had approximately 350 taxicabs in service, primarily in northern Nevada. When a taxi meter is not inspected and sealed, there is an increased risk that the meter has been altered or not charging the approved rate. On page 17, the complaint process can be improved for taxicab and limousine passengers. Taxicab and limousine carriers are not required to provide information to passengers on where and how to file a complaint. For example, information about the TSA is not required to be posted within taxicabs. During 2003 the TSA recorded only three complaints on approximately 350 taxicabs, and 13 complaints on approximately 1,225 limousines under its authority.

On page 18, we have provided some methods that can be used by the TSA to improve the complaint-filing process for taxicab and limousine passengers. Also

on page 18, we found that website advertising was not adequately monitored. Starting on the bottom of this page, we made three recommendations to improve consumer protection.

[Rocky Cooper, continued.] Our review of performance measures found the numbers reported in (page 19 [Exhibit F](#)) the Executive Budget and to TSA management are not reliable. Exhibit 3 compares the measures reported in the 2003 Executive Budget with available TSA records. None of the five performance measures we reviewed were reliable for fiscal years 2002 and 2003. These unreliable measures occurred because of various reasons, including calculation errors, inappropriate measurement methods, and a lack of sufficient documentation.

On the bottom of page 20, we made one recommendation, and that was to establish controls over performance measurers to ensure accurate reporting.

Beginning on page 21, we have a section regarding their opportunities to improve efficiency and effectiveness. According to the TSA, concerns were expressed during 2003 that enforcement officers were not spending sufficient time on patrol and enforcement activities. Our review of the work activity records found that patrol time was low, resulting in few citations issued to licensed and unlicensed operators. For example, in the first bullet, in Sparks, officers averaged only 6.2 percent of their time on patrol for the months we tested.

At the top of page 22, we note that the TSA has taken steps to better utilize sworn enforcement staff and improve their presence on the street. For example, two non sworn compliance auditors were hired in early 2004, and changes were made to the vehicle inspection process. Also on page 22, we discussed the need for comprehensive policies and procedures. Although the TSA has developed a policies and procedures manual for its administrative functions, policies and procedures are lacking for carrier oversight and enforcement activities. The lack of written procedures contributed to numerous problems noted in this report. At the bottom of the page, we explained that written policies and procedures are also needed to help reduce the negative impact of high turnover. Turnover of enforcement staff was 55 percent during calendar year 2003.

On page 23, we discussed the benefits of using a risk-based approach for conducting inspections of carrier operations and verifying the vehicle safety inspections.

Turning to page 25, we explained that better management information is needed to oversee and coordinate enforcement activities.

[Rocky Cooper, continued.] On page 26, we made four recommendations to improve efficiency and effectiveness of those enforcement activities. Our last finding is on page 26. The TSA needs to strengthen controls over revenues at offices in Sparks and Las Vegas. We identified a lack of separation of duties at both offices.

On page 27, ([Exhibit F](#)) we made one recommendation to improve accounting controls for these offices.

Our audit methodology begins on page 28, and the TSA's November 2004 response to the audit starts on page 32. As indicated on pages 33 to 36, the agency has started to work on the recommendations contained in the audit report.

In the last section, starting on page 38, the TSA indicated they accepted all of our recommendations.

Chairman Ocegura:

What was your sense of the TSA's willingness to comply with your recommendations?

Rocky Cooper:

I think we had a very good working relationship with the TSA. They were willing to comply with a lot of the areas we discussed, and they started to make changes immediately when we were working with them and discussing it, even in the field. I believe, basically, they agree with everything, and I think when you look through their response, they have started to work on these areas.

Chairman Ocegura:

Thank you. Any questions from the Committee?

Kimberly Maxson-Rushton, Commissioner, Nevada Department of Business and Industry, Transportation Services Authority:

Joining me today is Deputy Commissioner Dave Kimball. In addition to his multiple responsibilities with respect to the TSA, his prime responsibility this time of year is to prepare and defend our budget. If there are specific budget questions, Mr. Kimball is here to answer those. We have handed out three documents to the members of the Committee ([Exhibit G](#)) and I wanted to give you an idea what those pertain to.

The first is a legislative report that was prepared in preparation for this legislative session. It gives you a thumbnail sketch of what the TSA has done since the beginning of 2004. The basis for doing that from 2004 forward was because that was the time in mid-2003 in which Chairman [Sandra Lee] Avants was appointed to the Chair position of the TSA. I was appointed as a new commissioner and Commissioner [Bruce] Breslow, who is one of our senior commissioners, had been in that position, I believe, since September of 2000. In addition to that, we have provided a time line that gives you an overview of the evolution of the TSA since its creation in October of 1997.

[Kimberly Maxson-Rushton, continued.] Finally, I have provided an overview of the TSA enforcement areas. It was noted in the audit that many of the areas of concern dealt specifically with the area of enforcement. Not only the safety inspections as highlighted by Mr. Cooper and the Audit Division, but also areas pertaining specifically to patrolled mechanism and the operation and oversight, not only of our certificated carriers, but those individuals who are operating illegally.

It's important to note that also, based on the fact that in 2003 when we appeared before you and the other members of the Committee, there were specific requests made of the TSA that pertained to our patrol activities. There were comments made about the lack of patrol presence. There were comments made with respect to the number of illegal operators that were operating within the state of Nevada and the impact that was having financially on all of our certificated carriers. As a result of that and through the generosity of this Body and the passage of Assembly Bill 518 of the 72nd Legislative Session, the TSA has worked to improve those efforts. I think that memo, in conjunction with the other points that I will make this afternoon, will demonstrate to you what we've done since we last saw you in 2003.

I won't belabor all of the specifics set forth in the report, other than to point out the fact that we were established in 1997. The audit that took place covered the time period between 1997 and 2003. Many of the recommendations that were made pursuant to the audit, I believe, were undertaken as a result of the direct oversight of Chairman Avants at the beginning of 2004, and then directly in response to areas that she felt were necessary to address, not only through her prior tenure with the TSA, but also based on the recommendations of this Body in 2003. The TSA currently has 25 authorized positions. As indicated by Mr. Cooper for fiscal year 2004, the budget was approximately \$2.5 million. Budget Account 3922 is funded out of the Highway Fund and user fees, whereas Budget Account 3923 is funded from administrative citations, fines, and fees. That money is exclusively used for enforcement purposes only. If you would like, I can expand on that with respect to how it is used. There is often a

question that we get in terms of our practitioners that appear before us because of that. That money is isolated and specifically used only for enforcement purposes and for resources.

[Kimberly Maxson-Rushton, continued.] Additionally in terms of what we do, we issue certificates of public convenience and necessity to both fully regulated and partially regulated carriers. I have set forth the specifics. As of 2005, our recent numbers, as of February 7, as to what positions are fully regulated carriers, the number of fully regulated carriers that we have throughout the state of Nevada as well as those that make up the non fully regulated carriers. Those specifically include charter bus service as well as tow car service.

Then, pursuant to a ream of chapters in NRS 712, we are also responsible for issuing warehouse permits. I have set forth in detail the enforcement activities for 2004, the number of citations, the number of impounds of illegal operators as they pertain specifically to limousines, as well as household goods movers. Pursuant to Assembly Bill 518 of the 72nd Legislative Session, we were given the authority under NRS 706.758 to disconnect phones of illegal operators, and I have put that in specific terms of the number of phones that have been disconnected. I must take this opportunity, Chairman Ocegüera, to thank the Public Utilities Commission. Because of their assistance, we have had an excellent working relationship not only with Southwest Bell in northern Nevada, but also at Sprint, ensuring that that is done for those just as a point of reference, pursuant to that specific Regulation 758.

Once a determination has been made that there has been unlawful or illegal advertising, in the sense that someone has helped themselves out as being either licensed or available to move or provide transportation that would otherwise require a license, and the determination at a hearing has been made that, they did not have the authority to do that then we issue a cease and desist order in conjunction with a fine. If the phone is not turned off within a period of five days, then we work through the Public Utilities Commission and the respective phone companies and ensure that they are turned off, that there is no forwarding, that the number is removed from the Yellow Pages. We have had an excellent cooperative relationship with the companies that I have earlier mentioned.

We have also sought to issue multiple orders to show cause. That is the process in which we either suspend, revoke, or issue a temporary cease and desist to certificated carriers that rise to a level of warranting either unsafe activity, they have had a lapse in their insurance, or they have abandoned their licenses, and we feel that it warrants further consideration by the full authority in terms of whether or not to suspend or revoke their license. Again I have set forth the

number of complaints filed by the public, the voluntary cancellations of the certificates that have been filed.

[Kimberly Maxson-Rushton, continued.] Then moving into the specifics of our application process, those that have been filed, the certificates that have been issued, and then taking into consideration the number of dockets that have been opened and closed in 2004. Those dockets refer to things such as tariff modifications. Tariffs are the rates and fees that govern a certificated carrier, what they may charge the traveling public. We oversee those for obvious reasons being consumer protection and the protection of the operator-owners. They also include things such as domicile changes, in addition to the applications and other investigative matters.

Finally, I have included information pertaining specifically to Assembly Bill 518 of the 72nd Legislative Session. This was an incredible bill in terms of its usefulness and the tools that it provided to the Transportation Services Authority. Specifically, with the authorization of the \$100 annual limousine fee; that provided us the opportunity to hire two new non sworn compliance auditors.

As you recall based on Auditor Cooper's remarks, one of the areas of concern that was raised had to do with the safety inspections. It was a mandate when Chairman Avants took her position that a 100 percent verification of the annual safety vehicle inspections be done by midyear in 2004. With the addition of the two new nonsworn compliance auditors, they have a specialty and an expertise, obviously, in the area of investigations, but also in the area of compliance and auditing. They were tasked with this responsibility.

I am happy to report, as we did previously in our report to the Interim Finance Committee, that was completed in a timely fashion and has been addressed. Consistent with the audit finding, it has now been put into a policy and procedure format so as to ensure from henceforth that there is adequate recordation to demonstrate that that was done.

Additionally, as I have already indicated, it provided us the enforcement mechanism to disconnect the phones for illegal advertisers. It gave us the authority to impound illegal household goods movers, which, truthfully speaking, in southern Nevada alone has just been a godsend, I think, to those certificated carriers within the industry. Recently I had a company before me that had dipped below the 20 percent equity margin, and was noted in our audit report, that is a serious concern, because what happens when a company dips below that is one of the first things to go are the high insurance premiums that they pay as well as the regular safety inspections of their vehicles. That

gets on our radar screen, and it causes us some concerns. Not every company that drops below the 20 percent equity is a risk in a sense that there is an issue to the safety that could be a factor for consideration with respect to the traveling public. As a result, we have the authority at the TSA to look at those, and to look at external factors and other contributing factors as to why it dipped below that, and to take those into consideration when determining whether or not to revoke or suspend the license.

[Kimberly Maxson-Rushton, continued.] That being said, we have a company that we have been monitoring for the last two years that had bordered on that 20 percent equity, and this year was the first year that they were able to report to us that they would go beyond the 20 percent. When I did the hearing on this matter to compliment them on their dedication and their commitment to the state, one factor that they raised is the fact that we have done such an expansive job in terms of expanding our enforcement actions to ensure that illegal operators are no longer operating in Nevada with respect to household goods. They believe that that had a direct impact on their financial stability, and that raised the level of consumer protection that now affords them the benefit of being able to service the market in Las Vegas.

It gave us additional criteria for the consideration of new or modified applications, the identification of the market the applicant intends to serve, and the authority's ability to collect application investigative fees and costs, in consideration of prior regulatory or statutory violations. Many of the carriers that appeared before this Body in 2003 thought that there was some concern that it was not a mandatory criterion that we take into consideration that possibly people who had previously operated illegally or been subject to numerous fines and citations or were coming before us for applications. While it had been considered in certain circumstances, it was added as a criterion, and I believe that it has helped this agency, ensuring that the individuals that are certificated to participate in the market as either a fully regulated or partially regulated carrier are up to the standards that are set forth by this Body in ensuring the protection of the traveling public.

Moving to the time line we were created in October 1997, or actually pursuant to the 1997 Legislature, and went into business in October of 1997. In conjunction with the audit, it establishes the changes that were made with respect to the reorganization of the agency. I can tell you specifically, following the 2003 Session, there was the appointment of a new manager of transportation, the creation of a new position that was identified as a docket manager position. That position is tasked exclusively with the responsibility of working with applicants as they file their applications, ensuring that the application process is being handled expediently, ensuring that the applicants

are aware of the criteria that they must meet and working with them to ensure that they get into business as quickly as possible. We have seen substantial benefits with respect to that position being created. As I earlier noted, we also have the addition of the two new compliance auditors.

[Kimberly Maxson-Rushton, continued.] There was the 100 percent verification of annual vehicle inspections that took place beginning the end of 2003 and continuing through mid-2004, the number of illegal household goods movers' telephones that were disconnected, and the impounds that were done as a result of that tool provided under Assembly Bill 518 of the 72nd Session.

Then, finally, there is the TSA enforcement memorandum, which provides to this body some oversight and insight as to what the enforcement responsibilities entail as it pertains to accepting complaints from the public. That was an area that was raised, pursuant to the audit, the vehicle safety compliance, the taxing year testing and sealing, on-site inspections and audits, general patrol activity, then application background investigations. That is an overview of the Transportation Services Authority.

Chairman Ocegüera:

Thank you. We are going to have a presentation by the Taxicab Authority in a moment. For some of our newer members of the Committee, just give us the differences between the Taxicab Authority and TSA. Who does what in what part of the state?

Kimberly Maxson-Rushton:

The Transportation Services Authority is responsible for the regulation of taxicabs out of Clark County. That is at a very basic level the difference between the two agencies.

Chairman Ocegüera:

Also, I should have asked the auditors while they were here. I know you had to respond with the letter telling them what you were going to do. Is there any other requirements beyond that at a later period that you have to respond to them again?

Kimberly Maxson-Rushton:

Chairman Ocegüera, we received the report, and then from there we had a 60-day review period, and that is due on March 11, 2005. That is due to the audit subcommittee on March 11. From there what we will do, based on our proposals as set forth as to where the recommendations that were made, and what we will do in response to those. Then there is the time frame that begins for us to actually implement those changes.

Assemblyman Goicoechea:

I understand that all of the violations that the audit brought forth occurred in northern Nevada. Is that what you are saying?

Kimberly Maxson-Rushton:

Absolutely not. These were internal recommendations that were made based on deficiencies within the Transportation Services Authority. The specifics as they pertain to the meter inspections in the taxicabs, those are primarily out of northern Nevada. The other measures that dealt with patrol and our performance factors, those were all internal, and we have an office both in northern Nevada as well as in Las Vegas.

Assemblyman Goicoechea:

The Taxicab Authority is responsible in Clark County, correct?

Kimberly Maxson-Rushton:

Yes sir, exclusively within Clark County.

Assemblyman Goicoechea:

Yet you have an office there, and some of the violations did occur, and that would relate to tow trucks, house movers, and those things?

Kimberly Maxson-Rushton:

Yes, sir, that is correct. With the exception of taxicabs in Clark County, all matters found pursuant to the audit that dealt with taxis, dealt with those taxicab companies that were operating in northern and central Nevada.

Chairman Ocegüera:

Are there any other questions from the Committee? I am not seeing any. Thank you for your presentation. Yvette Moore from the Taxicab Authority. We will move on to the overview of the Taxicab Authority.

Yvette Moore, Administrator, Nevada Taxicab Authority Department of Business and Industry:

[Introduced herself.] There is quite a bit of confusion between the two agencies. We are responsible for the comfort, safety, and convenience of the taxicab riding public in any county in Nevada in excess of 400,000 in population. That means Clark County today. We don't have any jurisdiction over limousines, tow cars, and movers. All we do is fully regulate the taxicab industry in Clark County.

There are some 2,100 medallions, 3,000 vehicles. The taxicab industry in Clark County is very unique, given that we are an economy built on tourism, in great measure, in Clark County. The McCarran Airport sees on the average of 10,000 taxis going through their metered gates a day. This is a great level of activity, and because of it we have a wholly different regulatory scheme from the TSA. I can talk in very broad generalities here for understanding. The regulatory agency we seem to most be similar to would be Gaming Control. That is a completely regulated industry with a barrier to entry. Of course when compared to gaming, you are comparing a whale to an amoeba, and we are the amoeba. Our portion of Regulation 706, NRS 706.88185 inclusive, will explain the regulatory authorities. We are most similar in complexion to a gaming control of the taxicab industry.

[Yvette Moore, continued.] The agency itself is experiencing dramatic growth. As I talk about the industry in Clark County, there have been very healthy years. The last couple year's growth was astronomical. That says wonderful things for Clark County's economy. It says wonderful things for the state of Nevada.

I have handed out some information packets to you ([Exhibit H](#)). The one on top tracks, from year 2000 to current, the number of taxicab trips provided in Clark County. You can see from the graph you have a very seasonal up and down, as our tourism wanes in certain months and is dramatic in others. What you are seeing over the last few years is an approximate 10 percent growth per year. The agency is growing at a rate where the industry is essentially doubling in a period of five years.

To best describe the activities of the agency, I have included for you our program description year-to-date for 2005 and for 2004. I will only speak to the activities, not necessarily the numbers, unless there is a specific question. The agency is responsible for doing background investigations and reviewing industry studies, should there be an applicant for a certificate of operation. That certificate of convenience is issued, only unlike limousines, which are a luxury accommodation, taxicabs are a commodity. When you get off the plane and walk outside of an airport, there is an expectation in a city that there will be a taxicab there to move you from that airport to a location. The industry is fully regulated, including us ensuring the health of the current certificate holders. You can't have a company that represents a third of the taxicab operations in Clark County go out of business tomorrow.

We have the same requirements in terms of ascertaining annually that companies have a proper reserve and are financially healthy. A new applicant to the industry has to prove that there is a need unsatisfied to be issued a certificate of convenience. We have in Clark County only 16 different taxicab

companies. All drivers are permanent through the agency; all drivers are employees of one of those 16 companies. Of the 16 companies, there are nine groups. Though it provides 23 million rides a year, it is a very visible field of certificate holders and operators. I keep making distinctions to make the Committee understand the difference where they may, without restrictions, have hundreds of limousines companies that are providers; we only have 16 certificate holders.

[Yvette Moore, continued.] In the program description ([Exhibit H](#)), the first sheet is revenues. With the dramatic growth that we have been talking about, that, of course, is affecting the revenues for the agency in a very positive way. That growth is something we have projected into the future. Short of a serious disaster or a terrorist threat that's scared the traveling public, we expect the economy in Clark County to continue to grow and continue to be healthy.

We do the application for certificates that requires a thorough background investigation, and again, reviewing studies showing whether or not there is an established need. We permit every driver; five thousand four hundred drivers are currently permitted in Clark County. There are full FBI background checks performed on each driver. We issue medallions. The agency is governed by a five member part-time board. That board reviews requests for medallions issued from certificate holders and reviews the recommendation of the agency based on there being a need for additional taxicab service. Those medallions are issued equally to all taxicab companies that operate in Clark County. There is revenue for those medallions once a year. There is a fee of \$100 per medallion; those are controlled plates authorizing that vehicle to operate. Some of them are part-time medallions restricted to certain time periods during the day. Some are geographically restricted to ensure that the residents of Clark County are given the same excellent service that the hotels and airport get.

We investigate any taxicab complaints. If you will look at 2004 numbers, you will see that those complaints are in the thousands per year that come through the Taxicab Authority. We issue violations both in regard to certificate holders; those are holders that would be in order to show cause, and active patrol. We investigate complaints, resulting in approximately 2,000 violations and citations issued a year. Our patrol is 24 hours a day, 365 days a year. We have a presence at McCarran Airport and a presence at the remainder of the city. Those violations range from: the customer called and stated that the driver had taken them the long way, this is an easy way to pick somebody's pocket of extra funds, has taken lost property, or was doing 60 in a 40 mile-an-hour zone. It ranges everywhere from traffic violations through 706 Regulation violations.

Our enforcement is actively involved on the other side protecting that taxicab driver and industry from criminal activity targeting them. We investigate all robberies of taxicab drivers and all assaults of taxicab drivers. We work very closely with Metropolitan Police, Nevada Highway Patrol, Henderson Police, and North Las Vegas Police. We have officially been given the lead in our robbery investigation by Metropolitan Police Department in Las Vegas. We have been very effective in apprehending those criminals, following those cases, and supporting the prosecution.

[Yvette Moore, continued.] A difference, instead of verifying that a company has done an inspection, the Taxicab Authority is required by Regulation 706 to physically inspect that car. We have to inspect every vehicle a minimum of four times a year. We issue out-of-service notices, 24-hour notices, if there are violations of any of the safety requirements for a mechanical operation of that vehicle, or cosmetic problems with that vehicle. They must meet certain standards for cleanliness and presentability. That is to avoid what you get if you crawled into a taxicab in New York City, Chicago, or any major city, and the car is banged up, the doors are falling off. The taxicabs in Clark County are the first glimpse of Las Vegas that tourist gets and the last glimpse of Las Vegas that a tourist gets. It's very important that we have a presentable, clean, and professional presence out there.

Front-office transactions that you see on the program reports are those permitting testing of all drivers. Every driver has to take a test on their knowledge of the city, has to demonstrate, aside from popular opinion, that they can read, speak, and understand English. They have to attend an eight-hour safety training given by the State of Nevada before they are issued a driver's permit. Annually we have drivers in for permit renewal, and we provide one hour of safety refreshment training. It's a broad range of activity focused on a very narrow industry and activity.

Chairman Ocegüera:

Are there any questions from the Committee? Thank you very much for coming in and presenting the information. That is all we have on the agenda. We have no possible committee introductions unless someone has something that they think the Committee might want to entertain. We are adjourned [at 2:40 p.m.].

RESPECTFULLY SUBMITTED:

Linda Ronnow

Committee Attaché

APPROVED BY:

Assemblyman John Ocegüera, Chairman

DATE: _____

EXHIBITS

Committee Name: TRANSPORTATION

Date: Feb 8, 2005 **Time of Meeting:** 1:32 – 2:34 pm

Bill #	Exhibit ID	Witness	Dept.	Description
	A			Agenda
	B	Oceguera		Standing Rules
	C	Paslov-Thomas		120 Day Calendar
	D	Paslov-Thomas		BDR Request List
	E	Paslov-Thomas		Committee Brief
	F	Townsend/Cooper		Audit Report
	G	K. Maxson-Rushton	TSA	TSA 2005 Report
	H	Yvette Moore	TA	Taxicab Authority

[illegible]