

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND THE  
SENATE COMMITTEE ON FINANCE  
JOINT SUBCOMMITTEE ON PUBLIC SAFETY**

**Seventy-Second Session  
March 2, 2005**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Public Safety, was called to order at 8:04 a.m., on Wednesday, March 2, 2005. Chairwoman Kathy A. McClain presided in Room 2134 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.

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Ms. Kathy A. McClain, Chairwoman  
Mr. Mo Denis  
Mrs. Heidi S. Gansert  
Mr. Joseph M. Hogan  
Mrs. Ellen Koivisto  
Ms. Valerie Weber

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Dean A. Rhoads, Chairman  
Senator Bob Beers  
Senator Dina Titus

**COMMITTEE MEMBERS ABSENT:**

None

**STAFF MEMBERS PRESENT:**

Steve Abba, Principal Deputy Fiscal Analyst  
Bob Guernsey, Principal Deputy Fiscal Analyst  
Mark Krmpotic, Senior Program Analyst  
Janet Johnson, Program Analyst  
Anne Bowen, Committee Secretary  
Lila Clark, Committee Secretary

Ginny Lewis, Director, Department of Motor Vehicles (DMV), stated she would like to make a few opening comments on behalf of the Department.

Ms. Lewis said when she presented the budget overview to the Assembly Committee on Ways and Means and the Senate Finance Committee on February 2, 2005, she had shared a few of the Department's accomplishments over the past two years. A large amount of credit went to the dedicated employees within the agency. Ms. Lewis highlighted a few of those accomplishments.

Ms. Lewis noted that one of the greatest successes had been the implementation of the 100 percent staffing in the metropolitan offices in

southern Nevada. The Carey, Sahara, Flamingo, and Henderson offices of the DMV all had 100 percent of their windows staffed throughout the day. Those offices currently had an average wait time well below 1 hour, and on many days the wait time was 30 minutes or less. Ms. Lewis said the other benefits of the staffing package had been a 68 percent reduction in overtime hours in those offices. Employee morale was up, as the staff was able to more efficiently handle the steady flow of customers throughout the day, and get home to their families at the close of their shift. The benefits to the customers the DMV served had been tremendous, according to Ms. Lewis. The public had been generous with their positive feedback and their perception had shifted. Customers of the DMV now saw all windows staffed, and while they might have to wait 40 minutes, they recognized the attempt to streamline service.

Ms. Lewis informed the Subcommittee of the success of the 14 self-service kiosks statewide. The kiosk allowed customers to renew vehicle registrations or driver's licenses, pay with cash or credit cards, and immediately receive a decal for the license plate, or a sticker for the driver's license. The new alternative technology had proved to be a success. Ms. Lewis said she was very pleased to tell the Subcommittee that the DMV had changed how they thought about problems and solved customer challenges. Instead of requesting additional technicians in The Executive Budget, the DMV was expanding the kiosks to the Minden, Pahrump, Elko, and Fallon offices within the next two months. The future of kiosks included drive record printouts, and reinstatement of licenses suspended for lapse of insurance coverage. Both transactions had been successfully implemented on the Internet and would soon be available at the kiosks.

Ms. Lewis stated that the overall success of alternative technologies, to include driver's license and registration renewals on the Internet, at the emissions stations, and over the interactive voice response system, had been huge. Those technologies had been projected to handle approximately 500,000 customers in FY2005, 48 percent more than in FY2004. That would mean one less metropolitan office that needed to be built to handle the population in Las Vegas while still maintaining an acceptable wait time.

Ms. Lewis said the DMV had finally reached the point where it could be said that, based upon transaction counts, alternative technology solutions were outperforming any one of the metropolitan offices.

The Fraud Unit had been implemented within the Compliance Enforcement Division, according to Ms. Lewis. The Fraud Unit was funded and established to ensure the DMV processes were not used fraudulently. The DMV had an obligation to protect Nevada's citizens and businesses from the effects of fraud, both vehicle and identification. Ms. Lewis apprised the Subcommittee that the manufacture and use of fake driver's licenses and identifications was a critical problem in the United States. Teenagers used fake identification to purchase alcohol. Criminals used fake identification to obtain aliases, assume identities, and violate privacy. The Fraud Unit had been very aggressive and successful in those efforts, working closely with other law enforcement agencies and special task forces at the local and federal levels.

Ms. Lewis stated that if called upon to sum up the overall budget requests as recommended in The Executive Budget, she would say the focus was on three main areas. The first was technology. Everything the DMV wanted to do, and everywhere the DMV wanted to go with the agency in the future, depended on

technology. The past five years had been a testimony to how technology had been a perfect partner in finding solutions for many challenges.

The second main area was training. Throughout many budgets the Subcommittee would hear about the DMV's commitment to training; whether training for members of the Information Technology group, specialized training for the Compliance Enforcement officers, or training to prepare employees for future management positions. Ms. Lewis stated that in the next two to five years there would be a large turnover on the management team. The DMV needed to be proactive in preparing the next level of potential administrators and managers.

Finally, there was the continued commitment to the customers and industries that the DMV served. Ms. Lewis said the DMV's requests were focused to improve delivery of service, such as a DMV Technician III position to assist in the Titles Section at the Henderson office, additional auditors for the Motor Carrier Division, and an additional position to handle the increased workload of Fleets in Las Vegas, just to name a few.

Ms. Lewis advised the Subcommittee that she and the administrators of the DMV would present DMV budgets today and on March 30, 2005. In order to save time during the budget presentations, Ms. Lewis said she would briefly touch on some of the common decision units in all the budgets, thereby allowing each administrator to present the more significant enhancement units.

Decision Unit M-100 recommended inflationary increases to electricity, natural gas, and rate changes for internal service funds such as the Department of Information Technology (DoIT), Motor Pool, State-owned building rent, vehicle insurance, and property and contents insurance.

Decision Units M-300, M-304, and M-305 recommended changes to retirement, group insurance, worker's compensation, personnel assessments, and unemployment compensation, as well as the 2 percent cost-of-living increase as recommended by the Governor.

Ms. Lewis stated that each budget contained an E-715 Decision Unit, which represented the 25 percent replacement cycle for computers and printers. Many budgets contained an E-811 Decision Unit, which made changes to the unclassified service to provide consistency and equity between similar positions. The Governor had recommended that certain positions within the DMV be unclassified. Those positions included seven administrators, the executive assistant to the director, the public information officers, and six administrative law judges.

**DEPARTMENT OF MOTOR VEHICLES**  
**DIRECTOR'S OFFICE (201-4744) – BUDGET PAGE – DMV-1**

Ms. Lewis advised the Subcommittee that the base budget represented the funding for the continuation of 18 full-time employee positions as well as associated costs. Budget Account 201-4744 was primarily funded with the Highway Fund authorization and an intra-agency cost allocation from two self-funded budgets within the Department, the Pollution Control Account and the Salvage, Wrecker, Body Shop, and Garage Account. Ms. Lewis said that worthy of mention within the base budget was the request of \$1.5 million for each year of the biennium to continue and expand the kiosk project statewide. The amount requested would allow for increased usage as well as expansion to

other transactions on the kiosk, such as drive records and insurance reinstatements.

Decision Unit E-201 recommended \$6,856 for each year of the biennium to allow funding for an employee recognition program. Ms. Lewis explained that those funds would allow the Department to purchase such items as pins that say, for example, "commitment to excellence," lanyards with a pouch for employee identification and security access cards, years of service certificates, and plaques. The DMV currently had in place an employee recognition program that had been funded either out-of-pocket, or from a purchase of recognition pins made years ago. Ms. Lewis stressed that the managers of the DMV could not do or say enough to let employees know that they were the most important resource in the Department.

In Decision Unit E-202 the Governor recommended \$10,800 for each year of the biennium for the DMV to take advantage of the Certified Public Manager Program (CPM). Ms. Lewis said the program was intended to provide a strong foundation in leadership skills for those employees who had demonstrated the desire to become leaders in State service. The primary objective was to develop core competencies that were the foundation of managerial excellence in government. The funding would allow six employees to attend each fiscal year. According to Ms. Lewis, currently seven employees were participating in the first CPM training program. The feedback from the participating employees had been outstanding.

Decision Unit E-252 recommended \$8,584 in FY2006 and \$8,577 in FY2007 for personnel staff to travel to all DMV offices to train supervisors and employees on the American Disabilities Act (ADA), worker's compensation, Occupational Safety and Health Administration (OSHA), Family Medical Leave Act (FMLA), ergonomic reviews, conduct safety inspections, and meet with staff to discuss various personnel policies and procedures.

Decision Unit E-710 recommended \$2,471 in FY2006 and \$1,536 in FY2007 to replace chairs, telephone headsets, and a digital camera for the Public Information Officer.

Assemblywoman Gansert inquired as to how the candidates for the CPM training program were chosen.

Ms. Lewis explained that the seven employees in the first group had been chosen by the upper management team. That management team had examined managers in the next level down who had expressed interest in becoming more prepared to move up in the organization and acquire additional leadership skills. Ms. Lewis said the DMV had recently set up a personnel website on their Intranet to introduce the employees to the CPM program, and it was hoped that employees would come forward and express an interest in participating.

Mrs. Gansert asked if there was an application process for the program. Ms. Lewis verified that was correct, and noted that she considered the application process for the program the same as the application process for a scholarship.

Chairwoman McClain asked if the DMV was budgeting for six employees to be sent to the CPM program, since the Department of Personnel had ten available slots and the DMV had been allocated six. Ms. Lewis replied that was correct. Ms. Lewis stated she believed the Department of Personnel allocated the slots

based on full-time employees (FTE) per agency. That allocation was used for the current biennium. The Department of Personnel had given the DMV three slots, but the DMV had been so excited about the program they had found training funds to enable four additional employees to attend. Ms. Lewis said if the Department of Personnel was able to give the DMV a certain amount of spots, the goal was to send six employees each year.

Chairwoman McClain asked if The Executive Budget included six slots for each year of the biennium. Ms. Lewis replied that was correct. Chairwoman McClain asked if the DMV wanted to send more employees to the program. Ms. Lewis replied if the Department of Personnel could offer two or three slots, the DMV could reduce their budget by that amount.

Chairwoman McClain asked when the DMV would know about the slots from the Department of Personnel. Ms. Lewis said she thought it depended upon the funding for the Department of Personnel.

Senator Rhoads inquired as to whether the DMV was "getting geared up" for the vehicle registration rebate, and if so, how long it would take. Ms. Lewis replied that the DMV was preparing for the rebate and said it was discussed constantly. She said she had been informed that the bill draft request (BDR) had been sent to the Department of Administration. The business rules had been identified internally so that the programming could begin. Approximately 500 hours of programming had been identified just for the DMV in order to make it happen. Ms. Lewis said staff had been provided with the cost of administration, not only for the DMV, but for the Controller's Office and the Treasurer's Office.

Ms. Lewis commented that the DMV would be implementing the proposed Call Center and believed it was critical to maintain that function for the public as there would be many questions. In order to manage the inquiries from the public, the DMV had requested funding to hire temporary staff to be housed in Carson City to man the Call Center.

Senator Rhoads asked, hypothetically, if the bill were passed on April 1, 2005, how long would it take for people to get a check. Ms. Lewis responded that the DMV needed 500 hours; 40 percent for programming and 60 percent for testing.

Senator Rhoads asked how many months 500 hours added up to and Ms. Lewis responded that it was approximately 9 or 10 weeks. Senator Rhoads commented that under his scenario the first checks would be mailed in July.

Senator Rhoads inquired as to what it would cost for the rebate. Ms. Lewis stated that the DMV had proposed various options when the cost was provided to staff. If the State handled the rebate, the Controller, the Treasurer, and the DMV would be involved. There were other options that included outsourcing the job. Presently overall costs were estimated to be approximately \$2.5 million.

Senator Rhoads commented that he had chaired the Senate Transportation Committee many years ago and he remembered that every time some entity tried to get money from the Highway Fund it was declared unconstitutional. He wondered if anyone had explored whether there would be a problem in this area. Ms. Lewis stated that it was her understanding that the \$300 million to be used for the rebate was surplus in the General Fund.

Chairwoman McClain requested clarification on whether the costs for administering the rebate would be deducted from the \$300 million surplus, and not from the General Fund. Ms. Lewis said that was correct. She continued and said that the amount to be rebated to customers had been identified as up to \$300 and the amount for costs deducted from the \$300 million was approximately \$2.3 million. Chairwoman McClain restated that there was supposedly \$300 million in surplus funds, it would require \$2.7 million to administer, and the DMV customers would get the rest. Ms. Lewis said that her staff knew that the proper way to administer the rebate would be to reserve some costs for administration, so that no Highway Funds or General Funds would be used to process the rebate checks, the mailing, or DMV's cost for a Call Center.

Chairwoman McClain asked if DMV was going to use their staff for the rebate checks, did their salaries come from the Highway Fund. Ms. Lewis stated that was correct, but wanted to clarify. In the costs proposed by the DMV, specifically for their participation, the 500 hours for programming was not included. If the DMV was to be reimbursed for staff participation in the project it would increase costs by approximately \$38,000. Ms. Lewis admitted there were other costs that were not included, such as her time, and assembling the business rules. In order to manage the project with the public, Ms. Lewis believed there should be an informational website as a collaborative effort between the DMV, the Controller's Office, the Treasurer's Office, and the Governor's Office. The costs for the website had not been included in the estimated costs.

Senator Beers said he had been attempting to put himself in the position of the registered owner of a vehicle this summer, who had received a couple of \$225 checks in the mail, because that was what it cost to register Senator Beers' vehicles. He was attempting to come up with some questions to ask the Call Center and he could only come up with one: "Is this real." Senator Beers stated that it had occurred to him that the Call Center could be replaced with an automated answering machine that said, "Hi, thank you for calling the DMV check rebate help line. Yes, that is a real check. If you have any other questions, please press 1 and leave a message." Senator Beers wondered what questions people would have after receiving a check.

Ms. Lewis explained that she and her staff had given much thought to what the questions would be. She asserted that the public would call because the check had not arrived fast enough, because a husband and wife had separated and wanted to know who got the check, or because they had moved and did not let the DMV know and where was the check. Ms. Lewis suspected that if the rebate became a reality, the DMV would be inundated with calls and letters providing correct addresses. When the rebate was proposed by the Governor, the DMV had people in their offices, the very next day, asking for their checks.

Senator Beers asked how much less it would cost to administer the rebate if, for every vehicle registered in 2004, the 2005 registration bill were reduced by up to \$300. That plan would completely eliminate the writing and mailing of the check, the accounting of the outstanding check list, and the federal tax form 1099 issue. Ms. Lewis said she wanted to explain why the Governor wanted to give the public a check, because it had been discussed whether to rebate the surplus in check or credit form. Ms. Lewis said the Governor had wanted to refund the surplus using a "big bang concept." The Governor also wanted the taxpaying public to have a choice, individually, as to how to use or spend the

money; crediting their registration took that choice away. Ms. Lewis stated while there had been no fiscal impact study of the programming costs of issuing a credit for 2005 registration fees, it would certainly be far more than 500 hours. Issuing a credit would involve very complicated programming, but Ms. Lewis indicated she would provide some time frames and costs to the Subcommittee. Ms. Lewis noted that providing a credit for 2005 or 2006 registration, whenever the credit could be accomplished, extended the program even further. People wanted the rebate immediately and with a credit they might have to wait up to a year to benefit from it. Ms. Lewis summarized by stating that issuing a credit might reduce costs, but she was concerned that the cost to the DMV for programming would be tremendous. Issuing a credit would also create problems for other unrelated technology projects the Department was trying to accomplish.

Senator Beers asked if Ms. Lewis could update the Subcommittee as to whether a tax ruling had been received that determined if the rebate could be taxed by the federal government. Ms. Lewis replied that the question should be addressed to the Controller's Office, but she did know that the Controller's Office had been planning to seek an interpretation from the Internal Revenue Service (IRS). Ms. Lewis did not know if that had been accomplished.

Senator Rhoads asked if there was a possibility for fraud by people registering dozens of cars for very little money just to get in on the rebate. Ms. Lewis replied that since calendar year 2004 had been chosen as the set period of time for which people would receive the rebate, it would eliminate any type of fraud.

Mr. Denis asked if the 500 hours that had been projected for programming was just to get the database to a point where it could be used to issue checks. Ms. Lewis affirmed that the 500 hours of programming would ready the database for the pertinent fields that would be electronically transmitted to either the Controller's Office or to an outsource vendor for actual issuance of the checks.

Mrs. Gansert inquired as to whether there was any way to program the database to issue only one check to someone who had multiple vehicle registrations, instead of issuing a check for each vehicle. Ms. Lewis commented that issuance of one check for each registered vehicle had been a concern because the estimated number of checks to be issued was, presently, well over 2 million. The problem, according to Ms. Lewis, was that the DMV would have to make some risky assumptions when considering vehicle registrations. For example, a vehicle could be registered under "Joe Blow" and another vehicle under "Joseph Blow," with different addresses. Ms. Lewis indicated there could be some real problems in concluding that "Joe" and "Joseph" were the same person.

Mrs. Gansert asked if there was any way to issue a combined check to those names and addresses that matched up perfectly, and then issue a second check to any that might differ, such as "Joe" and "Joseph." Ms. Lewis replied that when she asked her IT staff if they could perform a specific task, they always said "there was nothing that time and resources could not handle." Ms. Lewis said she was sure it could be done, but it would probably take longer. The number of checks could be reduced, but Ms. Lewis did not know by how many.

Mrs. Gansert wondered if it would be worthwhile to look into consolidating some of the checks, at least for large corporations with many vehicles that would be receiving rebate checks. Ms. Lewis said she could request that her

staff investigate that possibility. Ms. Lewis noted her staff had checked the database in order to answer some questions posed by the Governor. The Governor had wanted to know how many people had multiple vehicle registrations and would receive more than one check. The DMV had checked the database and approximately 37 percent of registered owners had more than one vehicle. Mrs. Gansert commented that of the 2 million checks almost 800,000 could potentially be consolidated into one check. Ms. Lewis concurred.

Chairwoman McClain inquired as to what the average minimum check amount would be, and how many checks would be returned undeliverable. Ms. Lewis stated when the data had been broken down the DMV ascertained there would be over 15,000 checks under \$5. The group of checks between, in an amount between \$5 and \$25, numbered 104,000. The greatest number of checks would be issued in an amount between \$25 and \$50, representing over 640,000 transactions.

Senator Beers asked how someone paid only \$5 for vehicle registration. Ms. Lewis responded that a customer had a credit from another vehicle that was applied to the new transaction, or the customer had a veteran's exemption. Senator Beers said people who turned in their license plate and used the credit to reduce their last year's registration, were going to lose their credit. Ms. Lewis stated that was correct, they would receive what they had paid.

Senator Rhoads asked if someone who did not own a car could file a lawsuit alleging discrimination because they were not eligible for the rebate. Ms. Lewis replied that she had not investigated the legal ramifications; however, in any rebate plan that had been discussed there were possible problems and no perfect solution.

Chairwoman McClain asked if Ms. Lewis had any idea when the BDR would be introduced. Ms. Lewis said she had no idea.

Lisa Foster, Deputy Chief of Staff, Office of the Governor, stated the information for the BDR had been submitted to the Legislative Counsel Bureau (LCB) in a rough format. Some details were still being clarified and the Governor's Office wanted to refine as many issues as possible before submission of the bill. Ms. Foster stated the Assembly should see the bill shortly.

Assemblywoman Weber asked if there was a chart available that outlined the various levels of refund amounts so the public could see where the regular, average driver was in the refund group. Ms. Lewis replied that the statistics she had provided to staff indicated how many checks were in each group, but did not differentiate between personal or business checks.

Chairwoman McClain asked Ms. Lewis to inform the Subcommittee about kiosks, how kiosks were working, why a 50-cent increase in the driver's license fee was requested, and how the projected funding level of \$1.5 million per year had been calculated based upon an unknown growth rate.

Ms. Lewis stated kiosks had been working very well and the DMV offices were averaging over 100 transactions per day at the kiosks.

Ms. Lewis stated that she had testified before the Senate Committee on Transportation and Homeland Security on Senate Bill 54, where the DMV had



requested an increase of 50 cents in the driver's license fee. The motivation behind S.B. 54 had been that there were many people in the DMV offices renewing their driver's license who wanted to pay with cash. Those people were not candidates to use the kiosks. That was the motivation to raise the driver's license fee by 50 cents.

Chairwoman McClain asked why the DMV did not lower the fee by 50 cents. Ms. Lewis responded that was a very good question, the same one the Senate Committee on Transportation and Homeland Security had asked. As a result, S.B. 54 had been amended and the driver's license fee lowered by 50 cents.

Chairwoman McClain asked if a \$20 bill was inserted, would the customer receive change. Ms. Lewis responded that the driver's license fee would be \$18.50 plus an additional 50 cents required by statute as a highway safety allocation, bringing the total to an even \$19 per license renewal. Chairwoman McClain asked if the kiosk could refund \$1 and Ms. Lewis replied that it could.

Ms. Lewis stated that the DMV staff felt it was more important to satisfy the many customers who used the kiosks because the fiscal impact was de minimis. The focus had to be on getting people out of the lines.

Ms. Lewis addressed Chairwoman McClain's question regarding how the projected funding level of \$1.5 million per year had been calculated. The kiosks had been functional since May 2004 and the DMV had examined the usage rate for each month. The DMV had selected the highest month usage, which had amounted to approximately \$88,000, factored in increased growth, and the result was \$125,000. Ms. Lewis said \$125,000 was considered sufficient for funding the kiosks. Multiplying \$125,000 per month for 12 months resulted in \$1.5 million annually. Ms. Lewis stated she was very comfortable with \$1.5 million each fiscal year.

Chairwoman McClain commented that several items had been mentioned for use in the employee recognition incentives and rewards. She was concerned that the *State Administrative Manual* (SAM) had a limit on the amount of each individual award and asked Ms. Lewis to comment on how the program would be administered.

Ms. Lewis said she appreciated the limitations in the SAM and those limitations would not be exceeded. She noted that the DMV already had a type of awards program that recognized years of employee service with certificates, which were issued by the hundreds each year. When Ms. Lewis traveled around the state those certificates were hanging above employees' desks and she felt it was so little that was so appreciated.

Chairwoman McClain asked if the DMV had considered putting awards program funds in a separate account. Ms. Lewis stated she had not, but if there was a concern as to how those funds were spent, she would be open to placing them in a separate category. Chairwoman McClain commented that it might be easier to track if the funds were in a separate category.

Assemblyman Denis inquired about the Public Awareness Campaign, which he noted contained \$100,000. He wanted to know what types of things the DMV was doing, what things they would be doing in the future, and specifically, about any Spanish language programs within the Public Awareness Campaign. Ms. Lewis replied the \$100,000 funding was available for each year of 2004 and 2005. Each year the Public Information Officer had used practically all the

funds. Ms. Lewis stated the money had been used for print, billboards, and radio spots focusing on commuter time in the morning. The DMV had learned that print was very expensive. A huge billboard had been installed on Highway 395 in Reno aimed at the commuter traffic. Ms. Lewis indicated that \$100,000 was a very tight budget for sustained media coverage. A bill had come before the Senate Committee on Transportation and Homeland Security to attempt to generate revenue for public education through some limited use of advertising in some of the DMV mailers. Ms. Lewis said other states had used the technique and it was an avenue that the DMV wanted to pursue. There was a potential for some additional revenue.

Ms. Lewis said at the present time the DMV had done no public education in Spanish, but there was a driver's education handbook in Spanish, and the kiosks utilized Spanish. The DMV worked with the Spanish language television stations in Las Vegas and northern Nevada, and when something new needed advertisement the DMV worked with those stations to announce it to the Hispanic communities.

Mr. Denis asked how the funds in the Public Awareness Campaign had been spent in relation to where the population was. Ms. Lewis stated that the DMV was very focused on delivering the education to the areas that needed it the most, and clearly that was Las Vegas. The people that the DMV were trying to educate in Las Vegas were the new residents.

Mr. Denis asked if the DMV had prepared a report on how the funds from the Public Awareness Campaign budget were spent. Ms. Lewis responded that the DMV had a breakdown of how every dollar was spent. The Public Awareness Campaign was an isolated category for public education, so the DMV was aware at any time what contracts had been entered into, whether with newspapers, radio, or billboard companies. Mr. Denis requested a copy of that report.

Chairwoman McClain closed the hearing on Budget Account 201-4744.

**DEPARTMENT OF MOTOR VEHICLES**  
**ADMINISTRATIVE SERVICES (201-4745) BUDGET PAGE – DMV-8**

Chairwoman McClain opened the hearing on Budget Account 201-4745.

Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles, identified himself for the record. Mr. Colling noted that the Subcommittee had been presented with [Exhibit B](#), "Administrative Services Division, B/A 4745, Statistical Data."

Mr. Colling stated that the Administrative Services Division was comprised of four sections:

- Fiscal Services
- Revenue
- Budget Analysis
- Facilities Management

Mr. Colling explained that the Fiscal Services section was comprised of four units:

- Purchasing, Warehouse, Mail Service

- Accounts Payable
- Bad Debt
- Payroll

The four units just mentioned provided purchasing, warehousing, inventory, mail service, travel service, bad debt collection, contract services, and payroll services.

Mr. Colling said the Revenue section was responsible for the deposit and distribution of approximately \$1 billion that the DMV handled in each fiscal year.

The Budget Analysis section developed cost estimates, assisted in preparing and presenting the DMV's biennial budgets, provided financial analysis, and reported to the Director, division administrators, and other state agencies.

The Facilities and Management section provided statewide coordination for all Department facilities, oversaw capital improvement projects, and coordinated all telecommunication for the Department of Motor Vehicles (DMV).

Mr. Colling stated the Division had been funded primarily through the Highway Fund with two pass-through items and a cost allocation. The Division had proposed to change the funding of credit card and other electronic transfer costs from a Highway Fund appropriation to a pass-through from the actual collections the DMV made. Under the funding proposal for the Division, each entity that the DMV collected funds on the behalf of, would pay for those costs specifically associated with that electronic collection. Mr. Colling said BDR 43-1038 had been submitted to allow that procedure. As there had been considerable interest in that issue, Mr. Colling stated he would more fully and specifically address credit cards in one of the later enhancements as part of the budget.

Mr. Colling said that if there were no specific questions regarding the base budget he would review some maintenance enhancements. Chairwoman McClain indicated that would be acceptable.

Decision Unit M-425 was a request to install storefront double doors at the west wing north entrance of the DMV's building in Carson City. According to Mr. Colling, the entrance did not have a foyer and those doors currently opened directly into a work area. Additionally, the doors did not close or lock properly, and cold or heat entered the building every time they were opened. The DMV was requesting \$24,720 for the project.

Chairwoman McClain inquired as to why the cost for this project was not included in the Building and Grounds budget instead of the DMV budget.

Mr. Colling explained that through the years there had been a sharing of projects, sometimes Building and Grounds was responsible, and sometimes DMV was responsible. It did not matter to the DMV. Mr. Colling said he had no objection if the project was more appropriate to the Buildings and Grounds budget, DMV simply wanted the problem addressed.

Decision Unit M-426 sought approval for the disassembly and reassembly of cubicles occupied by both Field Services and Central Services staff within the Carson City office on the first floor. The decision unit would allow Buildings and Grounds to replace worn carpet. Mr. Colling noted that the cubicles must be taken apart in order for the carpet to be laid. The Division was requesting

\$34,425 for that purpose and the request was tied to Building and Grounds receiving permission to replace the carpet.

Decision Unit E-200 requested funding for the purchase of record storage boxes. Mr. Colling commented that State Archives no longer had used record storage boxes for use by state agencies. The DMV was required to use a specific type of box for storage at the State Archives and needed funding to purchase those boxes. In the past, the DMV had been able to reuse boxes for that purpose. State Archives had informed the DMV that due to audit considerations boxes could no longer be reused. The Division was requesting \$15,000 for each fiscal year for the purpose of purchasing boxes.

Chairwoman McClain requested further explanation and asked what new law or regulation prohibited the reuse of a box. Mr. Colling said he had received, in writing, a memorandum from State Archives stating that they could not remove items from the boxes currently in storage in order to shred documents. The entire box, with the documents inside, had to be shredded. Mr. Colling said in the past, the items inside had been removed, the boxes set aside, and DMV would retrieve the boxes and reuse them. State Archives had a requirement that a certain type banker's box had to be used for archive storage.

Chairwoman McClain wondered why State Archives had implemented the new procedures. Mr. Colling advised that it was hearsay, but State Archives had told him the new procedures had been implemented after an audit performed by the Legislative Counsel Bureau. Chairwoman McClain requested that staff investigate the matter.

Mr. Colling continued with his presentation. Decision Unit E-277 requested funding to contract with a specialized forensic computer auditor to conduct an internal audit of the DMV's application. The purpose of the request was to determine if there were any areas within the application itself that had inherent or systemic weaknesses. Mr. Colling asked the Subcommittee to keep in mind when considering the request that over \$1 billion went through the process each year. Decision Unit E-277 had been discussed with the Department of Information Technology (DoIT) and they did not have the expertise to conduct a forensic computer audit. Mr. Colling anticipated using either a Master Services Agreement (MSA) through DoIT, or requesting bids.

Mr. Denis asked if the cost was only \$60,000 to conduct the audit. Mr. Colling replied that was correct.

Mr. Denis asked if the audit would be performed in-house or by a contracted vendor. Mr. Colling replied the DMV had been informed by DoIT that they did not have the expertise in-house to perform the audit, but they did have MSA contracts available with various companies. The DMV could also enter into the bid process if appropriate.

Mr. Denis inquired as to how the DMV had arrived at the \$60,000 figure. Mr. Colling indicated that \$60,000 had been the estimate provided by DoIT.

Chairwoman McClain asked if this would be the first time a forensic computer system audit had been performed. Mr. Colling replied that it was.

Chairwoman McClain requested an explanation of a forensic computer system audit. Mr. Colling replied that auditors examined everything outside of the application itself. The application consisted of putting money in one end and

making distributions out the other end. Mr. Colling stated he believed the DMV should have a COBOL programmer and a fiscal person, or perhaps a certified public accountant (CPA) with COBOL programming background to examine the flow within the application to determine if there were any weaknesses.

Mr. Denis asked what precipitated the need to have a forensic computer system audit performed. Mr. Colling stated the DMV attempted to examine their own system to determine weaknesses or susceptibility to fraud. There had been no audit that recommended a forensic computer system audit, but Mr. Colling said he believed this was an additional check that should be performed on their application.

Decision Unit E-275 and Decision Unit E-279 both dealt with credit cards. Mr. Colling said that rather than going through the complicated accounting and ministerial issues in the two enhancement modules, he would discuss the paramount, underlying issue of payment for the use of credit cards or any electronic method of payment used by the State. The DMV accepted various credit cards for payment of fees and taxes owed to the State. Mr. Colling referred to [Exhibit B](#), which showed both the cost to the State through FY2004 and the projected costs through FY2007. The projected cost of approximately \$23 million through the end of FY2007 was still growing. Those funds were provided to the DMV through an appropriation of Highway Funds by the Legislature. According to Mr. Colling, the DMV had proposed to pay for those costs by taking the cost for each electronic payment, primarily credit cards, from each payment of taxes and fees prior to appropriate distribution.

In order to provide a picture of the process, Mr. Colling referred to a flow chart contained in [Exhibit B](#) that depicted an actual transaction from Clark County, which showed the flow of money for that transaction through the DMV application and subsequent distribution. The top of the flow chart showed the basic registration renewal in the amount of \$1,395.75, the second row was a breakdown of the revenue collected, and the third row was the revenue distribution. The flow chart was an example of an actual registration that had occurred; it was a late transaction that had various penalties attached in order to show how penalties were distributed. Mr. Colling said credit cards were not shown in the example because they were paid through a Highway Fund appropriation through the legislative process.

Mr. Colling referred to a second flow chart in [Exhibit B](#), which was an example of the proposed process. That flow chart depicted the same transaction as in the first flow chart except the credit card charges were removed from the transaction prior to the distribution of funds. The flow chart also showed an amount in parentheses which represented the actual credit card charge spread throughout the transaction. Mr. Colling stated that for those who were interested in details, [Exhibit B](#) contained a spreadsheet entitled "Analysis of Disbursements to Entities Before and After Credit Card Fees For the Fiscal Year 2004." This spreadsheet contained a complete listing of all entities that the DMV distributed to in FY2004. It contained the amount of the disbursement that had been collected through the use of credit cards, the fees associated with the use of credit cards, and the disbursement amounts to the entities. Mr. Colling said spreadsheets for FY2005, FY2006, and FY2007, also contained in [Exhibit B](#), showed estimates of the projected costs based upon projected growth in electronic payments.

Senator Rhoads noted that the impact on cities and counties due to the proposed changes would be huge and he asked if the DMV had given that fact

any consideration. Mr. Colling replied that credit card charges were a fast-growing expense that was currently being paid out of the Highway Fund. Most of the funding collected was non-Highway Fund money. After examining the process, the DMV believed the proposed plan was the fairest plan to all concerned. Each entity for which the DMV collected funds, whether cities, counties, school districts, special plates, or the Highway Fund, would be paying their portion for the collection of those funds. Mr. Colling said the DMV had met with the Nevada Association of Counties (NACO) and the Nevada League of Cities and Municipalities prior to the legislative session and provided them with information about the proposed changes. Senator Rhoads asked if they had approved of the plan, and Mr. Colling said they could speak for themselves as they had representatives available.

Mr. Colling stated the DMV had met with representatives from Clark County, the City of Las Vegas, and Washoe County, because they were trying to be "up front" and avoid any surprises.

Chairwoman McClain asked if the proposed changes were part of the budget or if it was contained in a separate BDR. Mr. Colling said BDR 43-1038 would be necessary to implement the process. If the BDR was not approved the DMV would have to appropriate approximately \$11 million from the Highway Fund for the biennium.

Chairwoman McClain inquired as to whether that BDR would keep the DMV under the 22 percent cap.

Ms. Lewis responded that the BDR, as well as the manner in which the Administrative Services Budget was now funded, with the fees taken off the top, brought the DMV well under the 22 percent cap. Ms. Lewis clarified that while the DMV was bringing the proposal forward, it was not limited to the DMV. The DMV had been accepting credit cards for five years and it entailed an enormous amount of money. Ms. Lewis said, as payment options were expanded in the state, and e-payment was "rolled out," there would be other agencies faced with the same issue; all the agencies were concerned with how to fund e-payment.

Chairwoman McClain mentioned that several years ago, passing the cost on to the customer had been considered but nothing had ever come of it. Mr. Colling replied there were some problems with charging a customer with the use of a credit card. A customer could be charged for a convenience. For example, if credit cards were only accepted at a kiosk and no other place in the system, the DMV could then charge a fee for the convenience of using the kiosk, but not for the use of a credit card. Mr. Colling said, contractually, the DMV was prevented from charging a fee for the use of a credit card.

Mrs. Gansert noted that business at the kiosks was up 47 percent, but asked the amount of total business at the kiosks which could be offset with a fee. Mr. Colling replied that approximately 40 percent of credit card usage was alternative services, such as the Internet. Without credit cards the DMV could not use the Internet. Mr. Colling said the DMV had tried to evaluate everything and in order to charge a large enough fee on the Internet to offset all costs, it would be in the \$12 to \$15 range. Mr. Colling emphasized that he believed any charge on alternative services would drive people away. The DMV had no wish to increase the cost of using the Internet versus going into a DMV office.

Mrs. Gansert said she remembered hearing about another state implementing a substantial fee. Ms. Lewis said she thought Arizona had implemented a \$6 fee and usage had taken an "absolute nosedive." Fees were a risk and the DMV had worked so hard to get customers out of standing in line. Ms. Lewis felt the DMV was heading in the right direction and did not want to compromise that success. Mrs. Gansert commented that she could see that, and perhaps it was an advantage because the DMV was saving money in staffing by getting customers to use alternative services.

Mr. Colling commented that he had talked about the e-payment platform. The DMV was planning, in less than two weeks, to implement the e-payment platform which would allow any State agency that tied into the e-payment platform to accept any method of payment. Mr. Colling said there were potential savings. He maintained that if 10 percent of the customers who used credit cards switched to e-check, the cost of electronic payments, overall, would decrease approximately \$200,000. Debit cards and e-check both had a cost of 20 cents per transaction. Currently, credit cards were averaging a cost of \$4.00 per transaction and under e-payment there would be an additional 20-cent charge per each credit card transaction. Mr. Colling noted the DMV was the first agency in the State to install the e-payment platform. The program would begin on March 13, 2005, and would be installed in increments. The DMV would begin on the Internet with credit cards and make sure the flow was correct. Each month a new type of expansion would occur.

Senator Beers suggested allowing political jurisdictions who received benefit from DMV funds to opt out of offering credit cards. A notice could be displayed stating that "your elected officials" have chosen not to allow the use of credit cards. Senator Beers stated the letter from NACO and the Nevada League of Cities and Municipalities, [Exhibit C](#), would lead one to believe that those political entities wanted to opt out.

Ms. Lewis pointed out if that option were permitted, the people currently using the Internet with a credit card, would be back in line at DMV offices or using the kiosks in DMV offices.

Mr. Colling said it was difficult to imagine how credit card transactions could be divided to allow a portion of the payment to be excluded because of the "opt out," and part to "opt in." Two different payments would have to be collected on each transaction, eliminating use of the Internet.

Senator Beers asked if the DMV had investigated encouraging customers to use the cheaper methods of payment, and requested elaboration on e-check and how it compared to credit card payments.

Ms. Lewis responded that once e-check had been installed, she believed it would be the most interesting option for the public. There was such a difference in fees between a car registration and a driver's license, Ms. Lewis said most people would prefer to write a check for a smaller fee rather than use a credit card. Ms. Lewis stated the media was alerted whenever a new option was "rolled-out" for the public. E-check would allow a customer to use a check on the Internet and avoid going into a DMV office.

Senator Beers opined that the state of Nevada had to be the single most lucrative credit card contract in the state. Mr. Colling indicated that was not correct, and suggested Wal-Mart was larger and a more lucrative contract. Senator Beers questioned that Wal-Mart was larger as their average sale was

\$20 and the State's average sale was \$200. Mr. Colling asserted that Wal-Mart had a huge volume. Mr. Colling further explained that the DMV was currently in the Request for Proposal (RFP) process. State Purchasing would be managing the contract because it would be statewide, but local governments would be allowed to participate as well. The RFP would be issued for MasterCard and Visa proposals. The DMV was currently paying 1.82 percent plus .01 percent miscellaneous charges. Mr. Colling said he believed the State would benefit and procure a lower rate than an entity such as Wal-Mart, because of the State's very low incidence of credit card fraud. There were only five to ten incidents of fraud per month at the Department of Motor Vehicles. Mr. Colling said there were two types of credit card fraud. The first was someone in another state who called and said a car he did not own was registered in Nevada where he had never been. This type of rejected credit card transaction was usually an honest mistake made over the Internet. The incorrect charge would be reversed and the registered owner would be contacted to pay the fee.

The other type of credit card problem was when the bank contacted the DMV and stated the transaction had been denied because the individual with the credit card said he did not pay for it. Mr. Colling said in that case the DMV would contact the bank, tell them it was the correct credit card, the correct registration that was due, and the correct registered owner, therefore, the bank would generally honor the transaction. Mr. Colling said there were very few successful fraudulent transactions charged against the DMV.

Senator Beers contended that it was merely one clause in the contract that the State would enter into with a credit card company that said the State could not levy a 2 percent service charge on credit card transactions. Senator Beers asked why the State could not negotiate to eliminate that clause in the contract. Mr. Colling responded that would be a specific question during the RFP process.

Mr. Denis reiterated that the State used credit card transactions because it helped to reduce wait times at DMV offices. Since it saved the State time and money to allow credit cards to be used, Mr. Denis wondered why the DMV was passing along the charges to cities and counties. Mr. Colling responded that it was a policy issue that the Legislature faced. The question was, should payment of fees be accomplished through an appropriation; if so, it would cost \$11 million in the next biennium. By the end of FY2007 the projected total for costs for credit card fees would be \$23 million. Mr. Colling stated the subject had been discussed for a couple of years as the credit card usage and costs had been increasing approximately 35 percent per year. As the DMV continued to add additional processes to the Internet and the kiosks, costs would continue to rise.

Mr. Denis asked if credit card usage was eliminated what would the cost be to have sufficient staff to maintain the customer service level currently being offered. Ms. Lewis replied that during her testimony she had mentioned the success the DMV had had with alternative technology. The DMV expected approximately 500,000 transactions to be performed in FY2005, most of them on the Internet, paying with a credit card. If the DMV announced they would no longer accept credit cards and customers would be required to go to a DMV office, the only way the DMV could handle the influx of customers would be to build another office in Las Vegas. Ms. Lewis estimated approximately \$7 million for a piece of land, \$6 million per year for staffing, and probably \$10 million for the building. Ms. Lewis admitted that credit card fees were a



large cost; however, it would cost even more to build another building and staff it.

Ms. Lewis stated when the DMV had ventured into a new computer application, years ago, it had been recognized that the growth in Nevada was unprecedented. Not only had the DMV needed a new computer system, they needed to get innovative, and Ms. Lewis said she believed they had. The DMV had found a solution to deal with the growth in Las Vegas. Ms. Lewis said some of the solutions included staffing, Internet, kiosks, voice system, and a partnership with the emission stations. The ultimate goal for the DMV was to continue to find technology solutions, so that the DMV could focus on those people that absolutely had to go into a DMV office because of complicated transactions.

Mr. Denis asked if the DMV had to build new buildings, could those costs be passed on to anyone or would the State incur those costs. Ms. Lewis replied that the State would incur all costs associated with a new building. Mr. Denis asked if the options available were to either pass on the credit card costs to cities and counties or the State would incur those costs. Ms. Lewis replied those were the choices and the DMV believed credit card costs should be shared, otherwise the current funding mechanism, a Highway Fund appropriation, would remain in place.

Mr. Denis asked if fees for credit card usage could be charged once other options were in place. Mr. Colling replied that the State was not permitted to charge a fee for the use of credit cards. The State was also not allowed to limit the dollar amount, either low or high, for a transaction. Mr. Colling noted that the DMV had two credit card transactions last month in the amount of \$90,000. The fees on those two transactions had been almost \$2,000 each. Mr. Denis asked if the only way to encourage customers to use the less expensive alternative technology was through education and information, as the public had no financial incentive to use that technology. Mr. Colling replied that was correct.

Senator Beers commented that the reason the State could not charge 2 percent on credit card transactions was because of a clause in the contract where the State had agreed not to charge. If the State could renegotiate that contract and remove that clause, Senator Beers said he believed it would give customers sufficient motivation to use the less expensive options for payment. Senator Beers said there was also a third alternative, other than on-line credit card payments or erecting new buildings, and that was increasing the wait times that citizens experienced when going to the DMV offices.

Mr. Colling stated that the use of credit cards for the payment of fees and taxes with governments was relatively new to the credit card industry, but they were adapting to some of government's needs. The fraud issue, for instance, would be specifically addressed in the RFP.

Ms. Weber said she was very happy the DMV had installed the electronic system, and asked if Mr. Colling knew how other states had dealt with the credit card fee problem.

Mr. Colling stated the DMV had checked with other states and discovered that some states only accepted credit cards over the Internet. If credit cards were accepted only on the Internet, a convenience fee could be charged, but then credit cards could not be used in the offices. The DMV in Nevada accepted

credit cards for any fee charged. Mr. Colling said states that charged the convenience fee charged a flat rate; a variable rate was a contractual issue. Other states might limit the use of credit cards to particular areas, generally Internet, not walk-in. Those states that handled credit card transactions the same way as Nevada had exactly the same problem.

Mrs. Gansert asked the cost of an e-check transaction to the State. Mr. Colling replied that it was 20 cents.

Mrs. Gansert asked if the State could charge a convenience fee over the Internet and at the kiosks, but not at the counter, if a customer used a credit card. Mr. Colling replied that, theoretically, the DMV could charge a convenience fee for the use of the Internet or the use of the kiosk. Mrs. Gansert asked if she was correct that the Internet and kiosk credit card transactions accounted for 40 percent of the use. Mr. Colling responded that including Interactive Voice Response (IVR), 40 percent was correct.

Mrs. Gansert wondered if the DMV had ever considered leasing the kiosk machines from a company that could charge a fee to the customer. Ms. Lewis replied that the DMV had a vendor who supplied the kiosks. The vendor had been involved in the development of the software and the design of the box for the kiosks. The vendor was paid per transaction for the use of the kiosk. Ms. Lewis said \$1.5 million each fiscal year was allocated in the DMV's base budget for transaction costs of the kiosks. Mrs. Gansert said perhaps it would be profitable for an outside entity to own the kiosks and create a transaction fee, as opposed to the State owning it. Ms. Lewis clarified that the State did not own the kiosks. The State paid a transaction fee and the vendor owned and maintained the kiosks.

Mrs. Gansert suggested that a transaction fee, charged per transaction, if shared with the vendor to cover their costs, could potentially make money for the State and recoup some of the costs. Ms. Lewis acknowledged that was an idea, but it had never been discussed with the vendor. The DMV had a contract with the vendor that indicated the cost per transaction. Mrs. Gansert asked if the cost per transaction was less than 20 cents. Ms. Lewis explained that at the kiosks there was a minimum fee of \$5 per transaction, and a maximum fee of \$15 per transaction; an average 5 percent of the transaction was paid to the vendor. For example, if a registration renewal cost \$300, DMV would pay to the vendor 5 percent of the transaction. Mrs. Gansert asked if the DMV was paying 5 percent of the transaction for the transaction, and another 2 percent for use of a credit card. Mr. Colling replied that was correct. Mrs. Gansert commented that seemed expensive.

Chairwoman McClain questioned the impact to the General Fund and some of DMV's departments by taking the credit card fees prior to disbursement of funds. Ms. Lewis stated she would address the impact to the DMV. She said everyone was aware the DMV had budgets funded by the Highway Fund. The DMV had examined what the "whole" would be if the fee were "taken off the top" and those revenue transactions that flowed straight into the budgets. For example, there was the 6 percent commission which the DMV collected on behalf of the counties, on the Government Services Tax. Ms. Lewis said that 6 percent commission was a major revenue source for the Field Services Division of the DMV, accounting for approximately \$20 million per year. Taking the credit card fee "off-the-top" would cost the Field Services Division budget \$199,000. Ms. Lewis said that after examining all the revenues that funded

various DMV budgets likely to be affected by the credit card fee, the projected amount totaled approximately \$270,000 for FY2006.

Ms. Lewis informed the Subcommittee that in the scheme of the total budget for the DMV and the total Highway Fund appropriation, \$270,000 would have to be replaced; however, it was clearly far less than the appropriation now being received from the Highway Fund to fund credit card fees.

Chairwoman McClain requested that someone from the DMV address how the proposed plan would affect the General Fund. Mr. Colling replied that in the statistical data supplied by the DMV in [Exhibit B](#), all entities that would be affected were listed. Those entities were identified by budget account, including the Department of Taxation.

Chairwoman McClain asked if the proposed change had been reflected in The Executive Budget. Ms. Lewis replied that it had not.

Mr. Denis asked how much the impact would be upon the Distributive School Account (DSA) if the proposed changes were implemented. Mr. Colling noted that he was using figures from FY2004 because definitive figures were available from that time period. If the process had been in place in FY2004, Mr. Colling stated the total cost to the DSA would have been \$640,176. Mr. Denis remarked that the cost would probably be more in the future and Mr. Colling agreed. Mr. Colling referred to [Exhibit B](#) where the projection for FY2006 was just over \$1 million, and the projection for FY2007 was \$1.4 million. He stated the proposed change would be an impact on the DSA, but it was his understanding that any shortage in DSA funding would be made up by the General Fund.

Mrs. Gansert commented that some entities appeared to receive no disbursement from credit cards. Mr. Colling stated that some entities simply had no credit card transactions. Mrs. Gansert said it appeared that some were in the rural areas, and she could not understand why some entities were affected and others were not. Mr. Colling reiterated that the proposal was meant to affect only those transactions where a credit card was used. For example, the Petroleum Inspection Tax was never paid with a credit card, so there was no impact upon the disbursement. Mrs. Gansert asked if collections were still going through the DMV for disbursement of funds, but no credit cards were involved. Ms. Lewis explained the distribution at the county level then flowed to the cities. She believed that some of the rural areas showed no impact from the credit card charges because the impact had already been realized at the county level.

Chairwoman McClain expressed disbelief that no one in the City of Reno, according to [Exhibit B](#), had used a credit card in FY2004. Ms. Lewis responded that the City of Reno was listed under Washoe County.

Chairwoman McClain called for testimony from the public.

J. David Fraser, Executive Director, Nevada League of Cities and Municipalities, introduced himself for the record, and also introduced Andrew A. List, Executive Director, Nevada Association of Counties (NACO). Mr. Fraser provided [Exhibit C](#) to the Subcommittee.

Mr. Fraser said he had some brief remarks regarding credit card fees, but also wanted to compliment Ginny Lewis and Dennis Colling for their openness during

the entire process, and for the work they had done in terms of shortening lines and making the DMV experience better. Mr. Fraser said he was a relative newcomer to Nevada and his personal experience with the DMV had been very good.

Mr. Fraser continued and said the concern of the Nevada League of Cities and Municipalities was not with the acceptance of credit cards, as they believed it was a very good practice that provided a convenience to the customer. The concern was that the credit card fees, which were producing a benefit to the State, not be passed on to local governments. Mr. Fraser noted that, at present, the DMV had a 6 percent withholding on all monies that were passed on to local governments for administration and the credit card fees would be in addition to that. The State had benefited from the credit cards and had been the sole decision maker when it was decided to accept credit cards for DMV collections. Mr. Fraser commented that some constructive suggestions had been made, for instance, Senator Beers' suggestion to negotiate the contract with the credit card companies to allow for a service fee on each transaction. The credit card option would still be offered, and in addition to the other cost savings that had been mentioned, the State would be made whole with regard to the credit card transactions. Mr. Fraser said the plan would also benefit other State agencies in addition to the DMV.

Mr. Fraser said that on behalf of the Nevada League of Cities and Municipalities, he would encourage the Legislature to explore other means of resolving the credit card fee problem rather than shifting the burden to local governments.

Andrew List, Executive Director, Nevada Association of Counties (NACO), said NACO's opposition was not to the practice of accepting credit cards, but rather to the practice of transferring that cost to local governments. Mr. List explained that "piece by piece" those costs did not amount to a lot of money, but the aggregate amount caused concern to local governments and to the schools involved. Mr. List was also concerned that the plan would set a precedent for other State agencies that might accept credit cards in the future. When the decision to accept credit cards had been made, approximately five years ago, local governments had not been consulted. Mr. List said while he believed it had been a business decision, and the DMV should reap the rewards of that decision, the DMV should also accept any detriments that went with that business decision.

Senator Rhoads asked what had happened to the law that the Legislature had passed two or three sessions ago that said future spending could not be mandated to cities and counties.

Mr. List said he believed that Senator Rhoads was talking about NRS 354.599, the unfunded mandates law passed in 1993. Mr. List stated he did not believe NRS 354.599 was applicable to credit card fees because the law said any service mandated to the counties, or other local governments that cost more than \$5,000, required the State to either pay that cost, or provide a method of payment to the counties. Mr. List pointed out that in this case no service was being mandated, rather the reverse; a source of revenue was being taken away from local governments.

Senator Beers asked if information relating to a new contract with the credit card companies would be available before the DMV Budget Account 201-4745 was closed. Mr. Colling replied that he did not believe so.

Chairwoman McClain inquired as to when the present contract expired. Mr. Colling replied that there were three contracts being considered, Discover, American Express, and Visa/MasterCard. Both Discover and American Express were ongoing with American Express in effect until 2008. The Visa/MasterCard contract with the State was part of the general banking contract that the State Treasurer had negotiated for merchant services. That particular contract had been replaced by another general banking contract that had gone into effect in 2004, according to Mr. Colling. Mr. Colling indicated that the DMV had been operating on a month-to-month basis until a new contract with Visa/MasterCard had been negotiated.

Chairwoman McClain wondered if the Subcommittee should wait until e-check was in place and determine how well it was working. She said she also would prefer to pay by e-check over the Internet rather than put fees on a credit card and pay interest. Chairwoman McClain asked when the e-platform would be in place.

Mr. Colling replied it was anticipated that on March 13, 2005, the DMV would begin to implement the e-platform. Each month the DMV would incrementally add each process and e-check would possibly be available in April 2005.

Chairwoman McClain closed the hearing on Budget Account 201-4745.

Chairwoman McClain opened the hearing on Budget Account 201-4740.

**DEPARTMENT OF MOTOR VEHICLES**  
**COMPLIANCE ENFORCEMENT (201-4740) BUDGET PAGE – DMV-18**

Troy Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles, read a prepared statement into the record.

Budget Account 4740 is the primary budget for the Compliance Enforcement Division. It is a Highway Funded budget. Budget Accounts 4690 and 4722 are also managed by the Division. Administrative and operational oversight of these accounts is funded through 4740.

The primary function of 4740 is regulation of the automobile industry as it relates to the sale or transfer of ownership in motor vehicles. In addition, the account supports the licensing and registration of automotive businesses, driver training, traffic safety, and DUI schools and instructors. A major component of the 4740 budget is protecting consumers and businesses from fraud and fraudulent uses of the Department's processes.

During the last legislative session, the Department requested, and was approved to fund a specialized unit to target the fraudulent uses of the Department's processes. This unit consisted of eight FTE positions. Five Compliance Investigators, non-peace officer positions, were added to relieve the agency's Compliance Enforcement Investigators and peace officers, to target fraudulent activities involving the processes of the Department. One Supervising Investigator and two Document Examiner positions were also funded. Of the eight positions funded to create this unit, only one remains vacant. One of the Document Examiner positions was filled and trained then vacated the position. We currently

have an individual in the background investigation process to fill this vacancy.

Since the inception of the unit in October 2003, case activity has equaled 1,286 cases. The cases are broken down into the following categories:

- Odometer Fraud 23
- Title Fraud 67
- Document Fraud 135
- Identity Fraud 979
- Other Fraud 82

As previously stated, the unit was created in October of 2003. The program progressed as expected throughout the year with the hiring and training of staff, and the training of the technicians on fraudulent documents and new procedures. Working relationships have been developed with local and federal agencies as well as prosecutors and task forces.

Several large and high profile investigations are currently ongoing. These are the types of cases that you will be reading and hearing about through national media sources, and not just the local outlets. Several agencies are now cooperating in the investigations because of the enormous financial impacts uncovered, and the jurisdictional boundaries that are affected.

Through February, the unit had made 132 arrests, issued 11 citations, obtained 22 warrants, cancelled 230 issued documents, referred 36 additional cases to District Attorney's offices, and put at least 2 false identification manufacturers out of business. Computer equipment used in the illegal manufacturing of driver's licenses was seized and is now a resource of the unit. In addition, numerous accolades and letters of appreciation have been received from allied agencies in support of the unit and the assigned personnel. I am pleased to report that the funding you provided has been put to good use.

Mr. Dillard commented that he had provided FY2006 and FY2007 projections to staff for the Subcommittee's review.

Chairwoman McClain asked in what time frame the case statistics had been compiled. Mr. Dillard replied that the case statistics dated from the inception of the unit in October 2003.

Chairwoman McClain asked Mr. Dillard if he felt that workload levels supported continuation of eight full-time positions. Mr. Dillard replied that he did.

Mr. Dillard resumed reading his prepared presentation into the record:

The E-250 Decision Unit funds a Supervisory Investigator position that is needed to bring a reasonable span of control to the Reno office. Currently the Supervisor position in Reno is responsible for 12 Investigators. If a decision unit in Budget Account 4690 is approved, that span of control would increase to 13 Investigators.

With the addition of this position, a reasonable 6.5 to 1 ratio will be realized.

For additional reference information, contact with other state and local law enforcement agencies revealed a staffing span of control ratio ranging from 4:1 to 9:1. Contact was made with the Nevada Division of Investigation, Nevada Division of Parole and Probation, Nevada Highway Patrol, Washoe County Sheriff's Office, Reno Police Department, and the Las Vegas Metropolitan Police Department. Whenever applicable the staffing ratios were obtained from their investigative units.

Additionally for your knowledge, the Compliance Enforcement Supervising Investigators review every case that is investigated by the Department. This equates to one supervisor in the Reno office reviewing a total of 1,630 cases for FY2004. Their responsibilities go beyond ensuring appropriate staffing, and coverage is maintained and includes daily investigative review, case assignment, prioritization, and making recommendations for administrative and criminal action. In addition, they participate in peace office functions of conducting arrests and transporting and booking suspects.

E-251 – This unit enhances the Division's training budget. An oversight was made with regard to training funds when the Fraud Unit was proposed last session. No training funds were requested. In addition, no training funds were requested within the E-250 Decision Unit for the supervisory position in this budget. This unit contains the request for those funds. If approved, the biennial cost per employee would be an additional \$78 per year. Training that would be provided includes Interview and Interrogation, Identity Theft Investigation Techniques, Search and Arrest Warrants, Criminal Investigative Techniques, and Case Management, as well as Spanish language communication courses. Of course, the funding requested would not support all personnel within the budget attending all the listed courses within the biennium; however, the ongoing funding would meet the Division's training needs. This unit is important to the well-being of the Division and Department in that it provides the ability to maintain a high degree of knowledgeable and professional staff. The application of that knowledge should result in reduced liabilities to the Department and the State, as well as contributing to a more efficient operational environment.

E-710 – This unit requests the replacement of four existing vehicles and funds the radio installations that are required. These vehicles meet the guidelines for age and mileage replacement. Two of the vehicles are six-model-years old, one is eight, and one is nine-model-years old as of 2005. All the vehicles will be in excess of 80,000 miles and one will exceed 100,000 miles. The personnel who operate these vehicles are peace officers responsible for arresting and transporting offenders. As such, their safety is a prime concern and these replacement vehicles will go a long way in enhancing both the Investigators' and the Division's confidence that we are cognizant of that concern. The replacements are requested at the mid-size level of vehicle, which

is the equivalent of what they will be replacing. This size of vehicle is the minimum size necessary to safely transport prisoners.

Chairwoman McClain requested Mr. Dillard to address the Supervisor position in Decision Unit E-250 and asked if there was no one who could be promoted to that position. She also questioned the intra-agency transfer requested in Decision Unit E-253 and wanted to know on what basis the allocation had been determined.

Mr. Dillard responded that Decision Unit E-253 was a cost allocation into Budget Account 4740 from Budget Account 4690, which presently had two personnel. There had been an infusion of cash into Budget Account 4740 for a Supervisor position in Las Vegas and a Supervisor position in Reno.

Ms. McClain closed the hearing on Budget Account 201-4740 and opened the hearing on Budget Account 201-4735.

**DEPARTMENT OF MOTOR VEHICLES**  
**FIELD SERVICES (201-4735) BUDGET PAGE – DMV-25**

Thomas J. Fronapfel, P.E., Administrator, Field Services Division, Department of Motor Vehicles, introduced himself for the record.

Mr. Fronapfel stated the Field Services Division was responsible for the direct customer service activities for driver's licensing and vehicle registration. The activities of the Field Services Division included:

- Ensuring only safe and knowledgeable drivers receive and maintain the privilege to drive on Nevada's streets and highways.
- Registration of vehicles.
- Issuing certificates of ownership.
- Collecting required fees and taxes associated with the ownership and operation of vehicles.
- Registration of voters through the Motor Voter Program.
- Providing insurance verification program services.

Mr. Fronapfel said those activities were conducted in 21 offices statewide, with limited services also provided in a number of county assessor's offices. The Division currently had 688 positions and approximately 495 positions performed direct customer service functions at customer windows. Over the past biennium the Division had been able to maintain 100 percent staffing at 4 of the metropolitan locations, including Henderson, Sahara, West Flamingo, and Carey. Mr. Fronapfel explained that average customer wait times had been reduced by 33 percent and overtime hours for staff by 68 percent. In addition to the 100 percent staffing, implementation of the kiosk program had allowed the Division the opportunity to reduce the number of customers who had to meet one-on-one with counter technicians. From July 1, 2004, to December 31, 2004, 59,802 customers successfully used the kiosk to renew either their vehicle registration or driver's license, an average of 9,967 transactions per month. Mr. Fronapfel informed the Subcommittee that the average transaction time at a kiosk was less than two minutes.

Mr. Fronapfel said the DMV continued to work diligently to provide quality customer service through well-trained staff and an aggressive use of alternate technologies to meet the registration and licensing needs of Nevada's citizens.



Mr. Fronapfel outlined the major enhancements in Budget Account 201-4735. Decision Unit E-250 requested moving expenses for closure of the Carey office and opening of the new Decatur facility. The new Decatur facility in North Las Vegas was currently scheduled to open in December 2005, replacing the existing Carey office, and was approximately seven miles northwest of the existing Carey location. The new office would provide an additional seven customer service windows, as well as expanded customer and employee parking and other amenities. Decision Unit E-250 also included funding for the relocation and reinstallation of equipment, removal of the scale, and associated State-owned building rent.

Chairwoman McClain asked if the delay regarding the construction of the Decatur Building was because the Bureau of Land Management (BLM) had failed to release the lease. Mr. Fronapfel thanked Chairwoman McClain for the question and said that as of yesterday he had spoken to the State Director for the BLM and 11:00 a.m., EST today, was the anticipated sign-off on the protest letters by the Assistant Secretary of the Interior in Washington, D.C. Mr. Fronapfel expected when he returned to his office, he would have had a telephone call from the Director of the BLM indicating the sign-off had occurred. There had been a delay on the sign-off for the protest letters, according to Mr. Fronapfel, but he did not know the reason; he did know that the Director of the BLM and the Solicitor General had already signed-off on the protest letters.

Senator Beers asked if the DMV was still planning to open the Decatur office in December 2005. Mr. Fronapfel replied that the office opening was still planned for December 2005, but provisions had been included in the existing budget request to allow for a three-month extension into March 2006. The provisions included additional rent on the Carey office property if necessary.

Mr. Fronapfel continued his presentation with Decision Unit E-251, which requested two new technicians to perform fleet transactions at the Henderson facility. There were currently two technicians dedicated to fleet transactions at that location. Current statistics showed that each of those two technicians performed an average of almost 1,200 transactions per month, compared to about 800 for other Las Vegas locations. Mr. Fronapfel said standard work performance criteria specified that a technician should be conducting approximately 600 fleet transactions per month. The addition of the two technicians dedicated to fleet transaction would align the workload at Henderson with the standard production criteria as well as align it with other locations.

Chairwoman McClain noted that the Reno office had two technicians and handled 4,000 transactions per month; the Flamingo office had four technicians and handled 2,000 transactions per month; the Sahara office had four technicians and handled 1,900 transactions per month; and the Henderson office had two technicians and handled 2,000 per month. Chairwoman McClain asked if the DMV had considered shifting some positions rather than adding two more positions to the Henderson office. Mr. Fronapfel asked if Chairwoman McClain was referring to fleet transactions or title transactions. Chairwoman McClain replied that she was referring to title transactions. Mr. Fronapfel replied that he had not reviewed title transactions.

Decision Unit E-252 requested one new Technician III position to perform title transactions at the Henderson office. Mr. Fronapfel stated there were currently two technicians dedicated to title transactions at the Henderson location. Each technician was processing an average of 1,510 titles per month compared to an

average of approximately 1,234 for the other southern Nevada offices. The addition of one technician would align the workload with standard production criteria as well as with the workload of the other offices. In addition, and as support for the additional position, the Central Services Division would be transferring some of the responsibility for printing salvage titles to the Henderson office. Mr. Fronapfel stated the DMV was in the process of acquiring an additional salvage title printer for the Henderson location. It was anticipated that approximately 24,000 salvage titles per year would be printed in Henderson as a result of the transfer. The proposed new title position would be able to assist with the additional workload.

Senator Titus commented that she was not sure Mr. Fronapfel was the correct person to ask, but said last session a bill had been passed that required information regarding racial profiling in the driver's license test manual. She wondered if that had been accomplished and if so, how it was working out.

Mr. Fronapfel replied that he was not aware of that provision in the driver's handbook but he would look into the matter.

Chairwoman McClain requested more information regarding the proposed positions for the Henderson office, and asked if only one new technician position to handle fleet transactions would be enough. Mr. Fronapfel responded that the DMV could certainly investigate doing the work with only one new position for the Henderson office, but it had been anticipated that growth would be large for all the Las Vegas area DMV offices. Chairwoman McClain commented that had been her question regarding the title transactions, it appeared as though the distribution between offices was "out-of-whack." She said the Reno office had the largest number of transactions per technician in the state and was not getting any new positions. Mr. Fronapfel said that Reno processed such a large number of transactions because that office handled the entire northern part of Nevada with the exception of Carson City. The Central Services Division's shift of title activity to the Henderson office would substantially increase the workload in the Henderson office.

Chairwoman McClain asked Mr. Fronapfel if he was aware of the amount of transactions performed in the Reno office. Mr. Fronapfel stated that he was. Chairwoman McClain asked if the DMV did not believe the Reno office needed help. Mr. Fronapfel replied that currently the DMV had not identified the need for a specific position for the Reno office, but the entire workload in the Reno office was being evaluated.

Chairwoman McClain asked for clarification of the request for personnel at the Sahara office in Las Vegas. Mr. Fronapfel explained that a capital improvement project had been initiated to remodel the Sahara office several years ago. The capital improvement project had been advertised and construction was expected to begin April 1, 2005. At the time the project had been conceived, the DMV had not realized that it would result in the addition of six new customer windows. When the remodel of the Sahara office was finished it would contain an additional six windows. Mr. Fronapfel stated the DMV would be requesting an additional 13 positions for the Sahara office at the March 23, 2005, Interim Finance Committee (IFC) meeting. Those positions, 12 technicians and 1 Supervisor, would man the additional six windows once construction was complete.

Chairwoman McClain asked if those 13 positions had been figured into the current base budget. Mr. Fronapfel replied that the positions had been figured

into the base budget, based upon the presumption that the IFC would approve them.

Ms. Lewis clarified that during the 2003 Session the Field Services budget closed with the DMV identifying 100 percent staffing for the metropolitan offices. The DMV had already addressed the four metropolitan offices in Las Vegas. The funding had been in reserve in the budget to bring the Henderson and Flamingo offices, as well as the Galletti office in Reno, online with 100 percent staffing. The Henderson and Flamingo offices had been completed and 30 positions had remained in reserve. Ms. Lewis said the DMV could not have responsibly returned to the IFC and requested 30 positions for the Galletti office. At the present time, the DMV was evaluating the total staffing at the Galletti office, reallocating resources, and optimizing the use of the kiosks. Ms. Lewis said the DMV did not feel that the Galletti office was in a position at the present time to require 100 percent staffing, however, there had been an immediate need for 100 percent staffing at the Sahara office. The remodel of the Sahara office had gained additional windows. In order to maintain the success of 100 percent staffing, some of the positions that had been held in reserve for the Galletti office, had been used at the Sahara office.

Chairwoman McClain asked when those positions might be needed at the Galletti office in Reno. Mr. Fronapfel reiterated that the DMV was evaluating the entire operation in the Galletti office and he anticipated that as soon as that was completed and a plan was in place, a request would be brought before the IFC.

Chairwoman McClain asked what the average wait time was at the Sahara office. Mr. Fronapfel replied approximately 34 minutes. Chairwoman McClain asked if the new windows would still need to be staffed. Mr. Fronapfel said there would be six new windows after the remodel was complete and that would allow for maintaining 100 percent staffing and maintaining the reduced wait time.

Ms. Lewis disclosed that when the Carey office was closed and the Decatur office was opened, the DMV anticipated a shift of some customers to the Sahara office. In order to handle the increased workload, it would be helpful to have staffing for the six new windows at the Sahara office. Ms. Lewis said the DMV had benefited from the remodel at the Sahara office by gaining those additional windows as opposed to building a completely new building. She also noted the growth in Las Vegas was not expected to slow any time in the near future.

Chairwoman McClain inquired about Decision Unit E-257, which requested two new SUV-type vehicles for one Appraiser.

Mr. Fronapfel continued with his presentation by addressing Decision Unit E-257, which requested a motor vehicle Appraiser at the Pahrump office and two SUV-type vehicles for travel by the Appraiser. The DMV had a statutory requirement to perform appraisals on abandoned vehicles within ten business days of receipt of a formal request. From July 1, 2004, through December 31, 2004, approximately 50 percent of the appraisals conducted in the Pahrump area exceeded the statutory mandate. In addition, in FY2003, 993 customers were turned away from the Pahrump office and referred to the offices in Las Vegas. Those customers were requesting confidential VIN inspections, sales tax appraisals, VIN assignments, and salvage vehicle inspections. Mr. Fronapfel said the addition of the Appraiser position in

Pahrump would result in those customers not being inconvenienced by traveling to Las Vegas to conduct business, and would allow the DMV to meet its statutory obligation. In the case of the Pahrump Appraiser, the DMV was requesting a single vehicle to be utilized by that position.

Mr. Fronapfel said Decision Unit E-710 requested replacement of various field office equipment including bar code readers, magnetic stripe readers, FAX machines, vision test machines, and other standard office equipment. Existing equipment had either reached its expected life span or had become technologically dated. According to Mr. Fronapfel, the bar code readers had historically been purchased from the DMV's information technology budget, but had now been transferred to the Field Services Division budget.

Decision Unit E-172 requested appropriations in the first year of the biennium to replace desks at the Carey office and for two replacement vehicles used by Appraisers at that location. Mr. Fronapfel said current desks did not meet ergonomic requirements and the existing vehicles either had or would have met their standard mileage and age replacement requirements.

Decision Unit E-716 recommended Highway Fund appropriations to replace vehicles at the Sparks, Winnemucca, and Galletti Commercial Driver's License (CDL) offices. The existing vehicles had met the standard mileage and age replacement criteria according to Mr. Fronapfel.

Chairwoman McClain asked for information regarding the requested replacement of the CDL bus, and wondered why there was a CDL bus assigned in northern Nevada and not in southern Nevada. Mr. Fronapfel said the bus, currently located at the Sparks CDL office, had been acquired by the DMV in 1994 for the price of \$1.00 from the City of Reno. The bus was used to conduct CDL examinations for the appropriate license that went with that type of vehicle. The present bus was a 1984 Ford with over 200,000 miles logged to it. While the bus had not been a specific legislatively approved purchase, it had been advantageous for the DMV to acquire the vehicle, not only to license CDL holders, but also to provide compliance under federal CDL mandates.

Chairwoman McClain asked if the bus was used to acquire a CDL to drive a bus. Mr. Fronapfel replied that it was. Chairwoman McClain asked what customers did in southern Nevada, bring their own bus. Mr. Fronapfel replied that while some people did bring their own bus, usually the Community College System provided vehicles for training and licensing purposes. Private companies that wanted their drivers licensed brought their own vehicles for the licensing examination. Chairwoman McClain asked if that type of arrangement could be used in the north, rather than purchase another bus. Mr. Fronapfel replied that was possible, but there were no arrangements with entities in the north to accomplish that.

Chairwoman McClain closed the hearing on Budget Account 201-4735.

Chairwoman McClain opened the hearing on Budget Account 201-4741.

**DEPARTMENT OF MOTOR VEHICLES**  
**CENTRAL SERVICES (201-4741) BUDGET PAGE – DMV-39**

Martha Barnes, Administrator, Central Services and Records Division, Department of Motor Vehicles, introduced herself for the record.

Central Services Division Budget Account 4741 employed 150 full-time employees and was responsible for behind-the-scenes processing of titles, driver's license and registration renewals, special plate requests, and handicap placard applications received by mail. Ms. Barnes said the Division also maintained driver's license history records, document imaging for history and retrieval, data integrity, customer requests for records, production and delivery of license plates to satellite offices, and the centralized call center.

There were two requests in Budget Account 4741 that Ms. Barnes wanted to bring to the attention of the Subcommittee.

Decision Unit E-250 requested one new DMV Services Technician II to process salvage titles. The cost for that position in FY2006 would be \$49,899, and in FY2007 would be \$50,473. Ms. Barnes said there were currently three positions dedicated to processing salvage titles to meet the two-day turnaround directed by NRS 487.810. The number of salvage titles processed had exceeded projections made during the 2003 Legislative Session. Research indicated that projections of 2,952 documents per month were low, because 4,030 actual requests per month were received in FY2004 and 5,066 per month thus far in FY2005. The funding mechanism for the request would be a \$10 salvage title fee paid to Budget Account 4690. The money to fund the position would be transferred to Budget Account 4741.

Ms. Barnes said Decision Unit E-170 requested the replacement of a delivery truck. The cost for the replacement vehicle was \$84,099 in FY2006. The license plate factory was responsible for supplying license plates to satellite offices statewide. In order to save the State money, the license plate truck picked up and delivered supplies and equipment to and from the same offices. While the bulk of delivery weight was new license plates, various supplies and equipment were also delivered. In FY2003 the truck delivered 361,941 pounds of license plates and supplies and picked up 164,510 pounds to return to Carson City. Ms. Barnes stated the requested replacement truck was capable of hauling 12,000 pounds more than the current truck. As demographics continued to increase, the number of license plates delivered to satellite offices would also increase. Ms. Barnes noted that following this item having been addressed in The Executive Budget, the present truck had stranded the drivers on the trip to Las Vegas a number of times. Collectively, those breakdowns had put the truck out of commission for six weeks resulting in the added costs of 5 days per diem, 64 lost man-hours, and fuel expenses to transport employees to and from the repair shop in Las Vegas. Maintenance and repairs costs in FY2005 had resulted in the expenditure of \$12,113.87.

Senator Titus asked which special license plate was the best selling. Ms. Barnes replied that at the present time she believed it was the Las Vegas Centennial license plate.

Senator Titus stated that The Executive Budget had proposed eliminating the \$1.50 fee for mail-in driver's license renewal. Senator Titus noted there had been a lengthy discussion about fees for credit cards and kiosks. She wondered, since there was already a mail-in renewal fee in place, why funds from that fee could not be used for some other purpose.

Ms. Lewis responded that the bill that the DMV had introduced to eliminate the \$1.50 fee for mail-in driver's license renewals was because it was the only area where a fee had been imposed. The fee had been implemented years ago when the Registration Division and Driver's License Division had been totally separate.

It was one of the first alternative services and in order to fund the program a fee had been needed. Ms. Lewis said the bill had moved through the Senate Committee on Transportation with a do pass.

Chairwoman McClain requested the statistics regarding the salvage titles be repeated. Ms. Barnes said salvage title projections for FY2003 had been 2,952 documents per month, for FY2004 there had been 4,030 documents processed per month, and so far in 2005 there had been 5,067 documents processed per month.

Mr. Denis noted that in Decision Unit E-170 the delivery truck requested had only 109,139 miles on the odometer, but asked if the reason the DMV wanted a new truck was because the new one could haul more weight. Ms. Barnes stated the DMV was anticipating that population growth would increase the number of plates to be supplied to all the offices. At the present time the Central Services Division was making a trip to the Las Vegas offices every three weeks just to keep the DMV offices stocked.

Mr. Denis asked what would happen to the old truck with only 109,000 miles on the odometer. Ms. Barnes replied that when the budget was submitted the truck had only 109,000 miles on it; presently the truck had 120,000 miles on the odometer. The truck had also had many serious repairs, including engine repairs.

Mr. Denis asked if it was typical of this type of vehicle to start having problems after 100,000 miles because he thought commercial vehicles lasted much longer. Ms. Barnes replied she could not answer that question but said she would investigate and supply an answer.

Mrs. Gansert asked if the DMV had ever considered using a private freight company to deliver the license plates to the various offices. Ms. Barnes responded it had been investigated, but other items were also transported besides the license plates, and it had been decided that having their own truck was more cost-effective for the DMV. Mrs. Gansert said she could see why the DMV would want to transport other items, but possibly part of the wear and tear on the truck was because of the weight of the license plates. She requested the DMV investigate shipping just the license plates by private carrier. Ms. Barnes replied that could be done.

Chairwoman McClain closed the hearing on Budget Account 201-4741.

Chairwoman McClain adjourned the meeting at 10:30 a.m.  
RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Anne Bowen  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Assemblyman Kathy A. McClain, Chairwoman

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

\_\_\_\_\_  
Senator Dean A. Rhoads, Chairman

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

EXHIBITS			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Public Safety</u>			
Date: <u>March 2, 2005</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B	Department of Motor Vehicles	Administrative Services Division, B/A 4745, Statistical Data
	C	Nevada League of Cities and Municipalities	Memo dated March 2, 2005