

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

**Seventy-Third Session
May 4, 2005**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Public Safety/Natural Resources/Transportation was called to order at 8:15 a.m., on Wednesday, May 4, 2005. Chairwoman Kathy 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 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

STAFF MEMBERS PRESENT:

Steve Abba, Principal Deputy Fiscal Analyst (Assembly)
Bob Guernsey, Principal Deputy Fiscal Analyst (Senate)
Janet Johnson, Program Analyst
Susan Cherpeski, Committee Attaché
Linda Smith, Committee Attaché

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

Janet Johnson, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented the closing issues in Budget Account (BA) 201-4744. Ms. Johnson noted that the issue of the vehicle registration fee rebate was still outstanding; however, it was anticipated that any legislation that might be approved later should not affect the level of Highway Fund appropriations in BA 201-4744 and subsequently would not have an impact on the 22 percent cap.

Ms. Johnson said there were two major issues in the budget. The first was the continuation and expansion of the kiosk program. There was an appropriation of \$1.5 million in each year of the biennium included in the base to annualize

the cost of continuing the use of kiosks, to expand their use to rural locations in Minden, Fallon, Mesquite, and Pahrump, and to increase functionality to include insurance verification reinstatements and to allow for a mix of payment options. Plans also included the introduction of debit cards and electronic checks for payments at a kiosk. Because existing kiosks could not give change, S.B. 34 was introduced to increase driver's license fees by \$.50 to allow cash payments at the kiosk. Ms. Johnson noted that S.B. 34 had been sent to the Senate Committee on Finance on April 20, 2005.

Ms. Johnson said that, given the extensive use and the anticipated growth, it appeared reasonable to include the Department of Motor Vehicles' (DMV) estimate for kiosk use and expansion. Additionally, the Department would like to duplicate the intent of the 2003 Legislature through its approval of the Appropriations Act allowing the Department to approach the Interim Finance Committee (IFC) to transfer funding for the kiosks between fiscal years. She pointed out that the language was not included in The Executive Budget, and staff requested approval to add the necessary language to the Appropriations Act.

Ms. Johnson indicated that the second major issue in the budget was employee recognition incentives and rewards. The Department had requested \$6,800 in each year of the biennium to establish a recognition and reward plan. She noted precedent for the issuance of service pins and certificates in other departments throughout the state. Also, the *Administrative Manual* allowed the rewards as long as they did not exceed \$50 and the agency had funds available. Staff recommended that the monies be approved and placed in a separate category for expenditure purposes.

Ms. Johnson added that there was \$10,800 recommended for attendance by six employees at six levels of training in the Certified Public Manager Program each year. Given the loss of historical knowledge due to retirements, the Department felt strongly that there should be a "backup" plan. She indicated that there were two slots available through the Department of Personnel that had already been set aside for the DMV, so she recommended that the request be approved with an adjustment to reduce it by the two slots.

As to other issues, Ms. Johnson pointed out that S.B. 12 created a new Motor Carrier Division within the Department. There would not be a fiscal impact to that proposal as the budget was already established in a separate account. She said that out-of-state travel costs in the base budget had been adjusted to reflect new trip locations, adjustments in mileage for use of personal vehicles, and travel card charges. In Decision Unit E-252 additional state travel was recommended for personnel staff to travel to DMV locations. Training in Americans with Disabilities Act (ADA), workers' compensation, Health Insurance Portability and Accountability Act (HIPAA), and Occupational Safety and Health Administration (OSHA) issues would be provided. Staff recommended adjustments to the travel recommendations to remove the management analyst travel for duplicate trips, which were also being done by the loss control coordinator, and to combine trips to the same locations. The Department had concurred with the modifications.

Ms. Johnson said that Decision Unit E-710 requested funds for the purchase of a digital still camera for the Department's public information officer. That recommendation appeared reasonable, and Ms. Johnson recommended approval. Decision Unit E-715 was the four-year replacement cycle for software

and hardware, which staff recommended with slight reductions in price changes based on revisions from the Division of State Purchasing.

Ms. Johnson pointed out that Decision Unit E-811, which included changes in three classified positions, would be decided by the full money committees. Decision Unit E-921 moved telephone costs associated with the Director's Office from the Automation budget. She noted that there would be several transfers throughout the budgets, which were "housekeeping" as the Department discovered areas where expenditures should more appropriately be reported. The final item in the budget was notification that the Governor had recommended the continuation of the Public Awareness Campaign at approximately \$100,000 each year of the biennium.

ASSEMBLYWOMAN GANSERT MOVED TO CLOSE THE BUDGET AS RECOMMENDED BY STAFF, INCLUDING REQUESTED LANGUAGE FOR APPROPRIATIONS ACT, AND WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

MOTION CARRIED. (Mr. Hogan was not present for the vote.)

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

Ms. Johnson outlined the closing issue in BA 201-4745, which was the credit card merchant fee reimbursement proposal. She indicated that a copy of a letter addressed to the chairman of the Assembly Committee on Ways and Means from the director of the DMV had been received, and the letter requested that A.B. 435, which would have changed the funding source, be withdrawn. In light of the request, the Assembly Committee on Ways and Means indefinitely postponed any action on the bill, and staff had removed the decision unit from the budget with resulting fiscal impact to the Highway Fund in the amount of \$2.5 million in FY2006 and \$6.3 million in FY2007. As a result of that withdrawal, the increases to the Highway Fund appropriations would be required to continue payment of merchant fees for access to credit card use by the public.

Ms. Johnson noted that staff had revisited the 22 percent cap with consideration for the proposed adjustments in each of the DMV's accounts, with the exception of Field Services and Motor Carrier budgets. On the basis of the recommended revisions, preliminary amounts would leave approximately \$3.9 million in FY2006 and nearly \$4.1 million in FY2007 under the 22 percent statutory limitation.

Ms. Johnson outlined the rest of the closing issues as follows:

- Decision Unit M-425 recommended \$24,720 to install storefront double doors at the west wing entrance of the Department's building in Carson City. Currently, a work area was located on the west side of the building, and staff from the Department of Public Safety who were housed on the second floor of that building used it as an entrance on a regular basis as did DMV employees working in the area. The traffic created by individuals coming and going was disturbing to the work flow

and exposed those in the area to weather conditions. The estimate for the construction, provided by the Public Works Board, included \$1,500 each year for plan checks, which had not been included in the agency's request. Staff recommended approval for the doors with the addition of the \$1,500 for plan checks.

- Decision Unit M-426 recommended \$34,425 to disassemble and reassemble cubicles for Field and Central Services staff to allow for carpet replacement. There was a corresponding decision module recommended in the Division of Buildings and Grounds' budget for the carpeting and its installation. The estimates for the removal were received from Machabee Office Environments, and it involved not only moving furniture and so forth, but removing workstations themselves and securing electrical wiring going into each workstation. The recommendation appeared reasonable, but would be subject to approval of the replacement carpeting in the budget of the Division of Buildings and Grounds.
- Decision Unit E-200 recommended the purchase of storage boxes. There had been discussion in earlier hearings and subsequently staff had received information from State Records that indicated no more than 50 percent of all available recycled boxes were ever used by an individual agency, so staff recommended approval of the storage boxes with adjustments to reduce the number by half. The price per box had also been slightly revised based on state contract prices.
- Decision Unit E-201 recommended \$2,290 for training of budget unit staff. The training monies would cover registration fees for classes in budget-related subjects at the University of Nevada, Reno, and for one individual to attend the National Association of State Budgeting Officers (NASBO) regional meeting. Per diem allowances in the amount of \$778 each year were not included in E-201, but would be necessary to attend the NASBO meeting. Staff recommended an adjustment to include those monies.
- Decision Unit E-250 recommended \$4,126 in each year of the biennium for travel for the Department's budget unit. Travel monies would allow for one trip to the northern field offices and one to the southern field offices for the two budget analysts. Those analysts would be able to get firsthand knowledge of actual activities and facility conditions before they constructed the budget. The recommendation appeared reasonable and staff would recommend that it be approved in the first year of the biennium, but not in the second year since the budget analysts would be preparing budgets the second year.
- Decision Unit E-275 was an augmentation to the electronic payments costs, which were the credit card merchant fees. The credit card fees were increasing rapidly, and there was a supplemental appropriation in the amount of \$1.8 million to augment FY2005, which was in S.B. 93. That bill had been amended to \$1.3 million and was passed by the Senate Committee on Finance March 24, 2005, and by the Assembly Committee on Ways and Means May 2, 2005. The Department estimates appeared reasonable and staff recommended approval.
- Decision Unit E-276 provided for travel costs for the Telecommunications Coordinator to provide phone switch upgrades to offices at Flamingo,

Donovan, Pahrump, Laughlin, and Tonopah locations in FY2006 and to the Sahara office in FY2007. Approval of those costs would be subject to the Subcommittee's actions concerning E-276 in the Automation account for the purchase of the upgraded telecommunications switches. If approved, staff recommended approval of the travel for the installation.

- Decision Unit E-277 recommended \$60,000 in payments to the Department of Information Technology (DoIT) through its Master Services Agreement (MSA) to conduct a forensic computer system audit of the Department's application. Additional information provided by the DMV indicated that the contracted audit would take approximately 3 months to complete, as it was very specialized and required training in both information technology and accounting functions. Upon completion, the Department anticipated receiving direction concerning the weaknesses of the system and a profile of any changes that might be required. The audit would ascertain whether once into the system, a technician could access and change certain data that should not be changed except by authorized personnel and would apprise the Department of internal controls that should or should not be added. Staff recommended approval of that funding.
- Decision Unit E-710 recommended Highway Fund appropriations to replace desks, chairs, calculators, electric staplers, and one van. The van was currently four years old, and was used for daily deliveries to the Las Vegas area offices and the State Mail Room. Staff recommended approval at a slight reduction for price changes.
- Decision Unit E-715 recommended funding for replacement of hardware and software based on the 25 percent annual replacement schedule developed by DoIT. Staff recommended funding at a slightly reduced level based on revisions from the State Purchasing Division.
- Decision Unit E-721 recommended funding for the purchase of tools and supplies for the Telecommunications Coordinator. Discussions with the Department had indicated that items such as stranded cable and staple guns would allow for in-house installations, moving lines, and provide for other assistance to areas that impacted customer services. Staff recommended approval for the purchase of the tools.
- Decision Unit E-802 recommended moving a portion of the Department of Public Safety Technology Division cost allocation to the Records Search account to cover the portion that included bad debt. Staff recommended approval to make that move and asked approval to adjust that cost allocation based on final closings both for the Public Safety Department and the DMV.
- Decision Unit E-811 would change the Administrative Services Officer IV from the classified to the unclassified service, but that decision would be made by the full committees.
- Decision Unit E-922 recommended the transfer of telephone costs from the Automation account to the Administrative Services account where the expenditures were being made.

Mrs. Gansert questioned the purchase of a replacement van as the current van was only 4 years old with 89,900 miles.

Dennis Colling, Chief, Administrative Services Division, DMV, responded to Mrs. Gansert's question and explained that the van was used for deliveries in Las Vegas and the extreme heat affected the vehicle's wiring and insulation in a "stop and go" delivery situation. Mr. Colling said he had once been the administrator of the State Motor Pool, and there had been a rule of thumb that 100,000 miles in northern Nevada equated to 60,000 miles in Las Vegas in the life of a car. The van was a delivery van and 90,000 miles was a substantial amount of wear on the vehicle.

Senator Beers observed that it was the first time he had heard that the credit card fee charges would not be distributed among the beneficiary agencies and would be taken directly from the Highway Fund. He said that if those fees would not be distributed, he would advocate the elimination of credit card payments in favor of electronic payments, also called e-checks, which cost less than \$1 per transaction.

Chairwoman McClain asked why there had been a change. Ginny Lewis, Director, DMV, said that after a hearing on A.B. 435 in the Assembly Committee on Ways and Means, she had discussed the issue with staff from the Governor's Office and, based on concerns expressed by the counties, had decided it would be best not to create a hardship for the counties. Ms. Lewis said the issue with the bill had been timing rather than a "fairness" issue, and she had informed Chairman Arberry of the Assembly Committee on Ways and Means that the bill was being withdrawn.

Senator Beers interjected that as far as the "timing" issue, the Department should have started to shift from credit card payments to e-checks two years earlier. He asked if the DMV was working to discourage customers from using credit cards.

Ms. Lewis said there were some creative ways to address the issue, and once the e-check option was available on the Internet, there could be a message on the website informing the public that they would be saving the state money if they used e-checks or debit cards rather than credit cards. She said she hoped that people would begin using those other methods and reduce the overall costs.

Senator Beers expressed consternation at the large amount and emphasized that the cost was \$10 million. He requested clarification regarding the 22 percent administrative cap.

Ms. Johnson explained that although the money would be taken from the Highway Fund, the Division would still be under the 22 percent cap. The DMV was not permitted to expend any more than 22 percent of the total Highway Fund.

Senator Beers clarified that the Division would be \$3.9 million under the 22 percent cap in FY2006 and \$4.1 million under in FY2007. He asked if those amounts included the Field Services and Motor Carrier accounts. Ms. Johnson said those budgets had not yet been presented, but the Governor's recommendation was included in those. Any adjustments that might be made to those two budgets had not been included. Senator Beers remarked that without adjusting the Governor's recommended amounts for the Field Services and the Motor Carrier accounts, there was \$4 million of "wiggle room." He asked how much of the 22 percent those amounts represented. Ms. Johnson

said the total was approximately 20.8 percent, which was 1.2 percent under the cap.

Senator Beers asked if the e-check payment option was currently available. Mr. Colling said the Department was approximately 20 days from the testing mode, and it was expected to be ready in June 2005. He said the Department was finished with the initial phase, which was to ensure that the credit cards worked properly, and then the next phase would be e-payments.

Senator Beers noted that if the system was ready in June 2005 it would mean that option would be available throughout the upcoming biennium. Mr. Colling responded affirmatively. Senator Beers asked if the DMV had considered "forcing rather than gently suggesting" that people use e-checks instead of credit cards. Mr. Colling pointed out that the problem with not allowing the use of credit cards was that there would be customers who would not be able to use the Internet and would have to come into the office, which would increase the wait time in the offices.

Ms. Lewis remarked that the e-payment platform was a new concept for the state, and the Department would be monitoring the system closely over time. She recommended that the numbers be reviewed once the system was fully implemented to determine whether customers were shifting to e-payments, and then in the 2007 Legislative Session, there would be more information upon which changes could be based.

Senator Beers commented that the \$10 million was a large sum of money to Nevada and to the credit card companies. He said that if the Legislature chose not to fund those credit card fee charges and mandated transition to the less expensive e-payment, the credit card companies would most likely allow the DMV to charge a customer fee for using credit cards.

Mr. Colling disagreed and said that \$10 million was not a large sum to the credit card companies. He said the Department had issued a Request for Proposal (RFP). Senator Beers said that it was not a large amount of money to Visa and MasterCard, but it was a large amount of money to the "middleman." Mr. Colling said he understood what Senator Beers was saying and that as part of the RFP, the question of whether a fee could be charged had been included. He indicated that he had reviewed the MasterCard and Visa operating procedures, which specifically stated that the DMV was not allowed to charge the customer for use of a credit card.

Mrs. Gansert summarized the discussion that had taken place earlier in the Assembly Committee on Ways and Means and said the Committee had talked about the possibility of a tiered system of convenience fees to encourage the customers to use less expensive methods of payment. She noted that paying \$10 million in fees was less than the cost of building a facility and staffing personnel, and she added that the kiosk cost more per transaction on average than the credit card fees. She said that the Committee had asked that over the interim, the DMV work to identify different ways to cover those costs versus using the Highway Fund because there was also resistance to pushing those charges onto different entities that would be receiving the funds. Mrs. Gansert agreed with Senator Beers that \$10 million was a large sum for the "middleman," and if there was a way to negotiate those fees down that would be extremely helpful.

Senator Titus noted that occasionally it was less expensive to pay cash for a purchase than it was to pay with a credit card. She asked if it would be possible for the DMV to simply charge a higher rate for a transaction if the customer chose to pay with a credit card. She opined that people who wanted to use a credit card would continue to do so if presented with options and they would choose to pay a little extra for the convenience.

Mr. Colling explained that the only way to charge a fee without violating the credit card agreement was to charge a convenience fee for the use of the Internet. He pointed out that charging a fee for the credit card transaction could add \$9 or more to a transaction, which would significantly affect the usage and cause people to come into the office. The state of Arizona had charged a fee for the use of the Internet, and there had been a significant decrease in the number of online transactions, which was not the desired result.

Senator Beers said that the Nevada Division of Wildlife did as Senator Titus had mentioned with registration of boats. When a boat was registered online, Nevada had a charge; however, with the e-checks that would not be fair because the transaction cost was substantially less. He said he had liked the original idea of passing the proportional share of the charge onto the recipients of the funding.

Chairwoman McClain noted that part of the argument against that was that the counties already paid a 6 percent administrative fee. Ms. Lewis indicated that was correct and the commission that the Department received was on the collection of the Government Services Tax (GST), and that 6 percent had been in place for years. The counties had testified and said they already paid 6 percent commission for the Department's efforts, and Ms. Lewis said her response was that the commission was in place long before the advent of credit card payment, and credit cards were now the cost of doing business. She said the Department believed it was the right way to go, but it was also an expensive way to go, but the Legislature could consider raising the 6 percent commission because everything had inflated over the years, and the 6 percent had remained the same. Ms. Lewis added that the argument against that was that the counties would be receiving less money, which would impact the schools.

Chairwoman McClain requested additional detail regarding the 6 percent. Ms. Lewis said the 6 percent was currently a very significant funding source that went into the Field Services Division and was approximately \$20 million over the biennium.

Mr. Colling interjected that the commission on the GST was between \$18 million and \$20 million over the upcoming biennium. He pointed out that it was not just the cities and counties and school districts that would be paying a portion of the collection; every single entity from the special plates to the Prison Fund would be paying a proportional share of the cost.

Senator Beers asked if the Department spent more than \$20 million collecting, processing, and transferring motor vehicle registration fees. Mr. Colling said the Field Services Division budget was more than \$20 million. Senator Beers pointed out that the state was not making any money on the 6 percent commission. He commented that the credit card fees were similar to a tax and should be passed on to the customers.

Chairwoman McClain agreed but pointed out that customers who used a credit card were then paying interest in addition to that cost. Senator Beers said it was a matter of convenience, particularly in respect to online transactions.

Mrs. Gansert asserted that it was much less expensive to the state to use credit cards and kiosks and other payment methods than the cost of the personnel and the additional facilities that would be needed otherwise. She commended the Department for using the technology to save the state's money. She repeated her earlier recommendation that the Department review the situation over the upcoming biennium and return in the next session with the results. She remarked that part of the solution might be to charge those customers who came into the office.

Ms. Lewis said that the previous session there had been discussion regarding those customers who came into the office and she emphasized that many of those customers had no choice, and those transactions tended to take longer. She explained that there had been a similar recommendation regarding a fee for walk-in customers, but that recommendation had been opposed by the Governor because it would mean imposing a fee on customers. She noted that those transactions did tend to be more complex so there was some merit to imposing that type of fee on a first-time new transaction in the state. Once a customer was in the system, then he was able to use the Internet or the kiosks.

Senator Beers pointed out that the e-check form of payment would be available by July 1, 2005, which should eliminate a substantial portion of the \$10 million cost in credit card fees. He opined that the DMV should stop accepting credit cards online and require the use of an e-payment method.

ASSEMBLYWOMAN GANSERT MOVED TO CLOSE BA 201-4745
AS RECOMMENDED BY STAFF WITH TECHNICAL
ADJUSTMENTS.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

Chairwoman McClain clarified that the motion would include approval of the addition of \$1,500 for plan checks in Decision Unit M-425 and approval for the travel in Decision Unit E-276 contingent upon purchase of the telecommunication switches.

MOTION CARRIED WITH SENATOR BEERS VOTING NO.

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Senator Beers questioned how the elimination of Decision Unit E-279, which was the enhancement unit that distributed the costs of the credit card processing to entities that received the funding, would affect those other entities because that assumption of distribution had been made in The Executive Budget.

Ms. Johnson said the proposal in the DMV budget had changed the revenue from Highway Fund to administrative funds. Until the bill was passed, there was no way to bring those monies in, but the removal of the decision unit reversed that. The impact to the DMV budgets was only in the Highway Fund.

Senator Beers said there were some state agencies that received and administered funds from specialized license plates, and he asked if that cost had

been built into the budgets of those other entities. Mr. Colling explained that the Division collected revenue for the agencies. For example, rather than collecting \$1,000 on one of the special plates, the Division would collect \$996, so it would be a reduction of the revenue being distributed.

Chairwoman McClain indicated the Subcommittee would proceed to the next budget account.

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

Ms. Johnson indicated that there were two major closing issues in BA 201-4740. The first issue related to the fraud unit program, which had four investigators, two program officers, and a supervisor and had been approved by the 2003 Legislature to enforce title, odometer, and identification fraud. At that time, direction had been given that those positions be reconsidered in the 2005 Legislative Session based on the growth and the number of fraud cases that were projected. The agency had submitted revised fraud statistics that would indicate that in FY2004 and FY2005 1,070 cases had been projected, but the actual number was 538. Although it had taken a while for the program to get started, the Department was currently projecting approximately 900 cases in FY2005, which was a reduction from the original number projected of 1,092. The manner of classification for the cases had changed somewhat to show the increase in identity fraud, but there had also been a decrease in document fraud.

Ms. Johnson pointed out that currently the Department was not meeting the projected number of cases anticipated in the 2003 Legislative Session, and the number of cases per investigator had fallen below what had been anticipated for each of the five positions. Given the comparison for projections in FY2006 and FY2007, which continued to decrease, staff recommended reducing the number of investigative positions currently in The Executive Budget by one position.

Ms. Johnson said the next issue related to supervision of the northern region investigative staff. She explained that there was one supervisor compliance investigator recommended to reduce the span of control from the current ratio of 12 to 1 to a ratio of 6.5 to 1. The proposed supervision coverage included the addition of two compliance investigator positions recommended in the Salvage Wreckers/Body Shops budget account. With the additional positions recommended in The Executive Budget, the added staff created a larger span of control for the existing supervisory position.

Ms. Johnson noted that the supervision ratio in southern Nevada was reported at 7 to 1. The Division of Parole and Probation had a 7 to 1 ratio, Washoe County had a 4 to 1 ratio, and Las Vegas Metro had a 9 to 1 ratio and was considering making a change using resources recently approved by the voters in that area to reduce supervision ratios. She recommended approval of the supervisory position to reduce the span of control to a more workable level.

Ms. Johnson indicated that there were a few other closing issues. She informed the Subcommittee that vacancy savings had been increased slightly to reflect a modification to the percentage applied to the budget based on the number of staff assigned. She requested approval to adjust cost allocations in the base and other decision units based on the final closings for each of the affected accounts.

Ms. Johnson explained that Decision Unit E-251 recommended training for investigators to continue their education in the field of criminal investigations, witness interviews, case management systems, and so forth, and staff recommended approval for that training. Decision Unit E-253 recommended monies to cost allocate a portion of supervisory support provided for positions in the Salvage Wreckers account. The allocation, based on the amount of time spent on that function, appeared reasonable, and staff requested approval to adjust the cost allocation upon closing of the budgets. Decision Unit E-710 requested the replacement of 4 vehicles and funds to cover the cost of radio installations in the new vehicles. Ms. Johnson indicated that she had reviewed the vehicle recommendation and had found that the oldest of those vehicles was 9 years old, the newest vehicle was 6 years old, and all the vehicles would have more than the 80,000-mile standard used to determine vehicle replacement. The vehicles were used by compliance enforcement investigators in regulating the automobile industry, and those vehicles would be replaced with alternative fuel vehicles. She noted that staff recommended approval for those vehicles.

Ms. Johnson continued and explained that Decision Unit E-710 recommended the 25 percent replacement schedule of computer hardware and software in line with the Department of Information Technology's schedule. She pointed out that prices had been reduced based on new information from purchasing. Decision Unit E-811 recommended that the division administrator be placed in the unclassified service, but that decision would be made by the full committees. Decision Unit E-925 transferred postage expenditures from the Field Services account to the Compliance Enforcement account as those expenses were for compliance enforcement.

Assemblyman Denis questioned E-251, which mentioned training in communication with the Spanish-speaking population, and he asked what that training entailed. Troy Dillard, Administrator, Compliance Enforcement Division, DMV, responded to Mr. Denis and explained that the training was general Spanish communication abilities for law enforcement staff as well as staff dealing with the licensing of businesses the Division regulated.

Mr. Denis asked if that meant it was simply a class on how to communicate. Mr. Dillard responded affirmatively and added that it was a class on basic communication in Spanish.

Mr. Denis noted that in E-715 staff recommended a replacement of 25 percent of the Division's software and hardware, and he wondered if that entailed replacing the basic software of the computer or the programs specific to the Division. He asked if some employees would be using new programs while other employees would still be using the old programs. Ms. Johnson said it was her understanding that it was existing software that was being replaced and only 25 percent would be replaced at one time.

Mr. Denis asked if all the productivity software was being replaced. Mr. Dillard said new computers came with packaged software. Mr. Denis asked if that would cause issues with technical support. Mr. Dillard said the 25 percent replacement schedule was a four-year cycle. He added that the information technology department at the agency was very proficient and there were not many problems.

Senator Beers asked if the Compliance Enforcement Division performed emissions testing. Mr. Dillard indicated that was a different budget account,

BA 201-4742. Senator Beers expressed concern regarding the replacement of the four vehicles with alternative fuel vehicles. Mr. Dillard explained that natural gas vehicles were exempt from the smog requirements.

Chairwoman McClain asked if the four vehicles would be in southern or northern Nevada. Mr. Dillard said the vehicles were split between the north and the south.

Mrs. Gansert remarked that 80,000 miles was not a very large amount, especially for vehicles in northern Nevada. Chairwoman McClain noted that the mileage was standard.

Senator Titus opined that it was a good idea to replace the vehicles with alternate fuel vehicles.

Senator Beers commented that there was some cost recovery as the old vehicles were sold after the replacement vehicles were purchased.

Chairwoman McClain indicated she would entertain a motion from the Subcommittee.

ASSEMBLYWOMAN GANSERT MOVED TO CLOSE BA 201-4740
AS RECOMMENDED BY STAFF WITH TECHNICAL
ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Chairwoman McClain clarified that the motion included reducing the investigator positions by one and adding the supervisor position.

MOTION CARRIED UNANIMOUSLY.

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

Ms. Johnson indicated that there was only one major closing issue in BA 201-4741. She explained that A.B. 325 of the 72nd Session required that the DMV process salvage titles within two days of receipt of all necessary documents. Currently, The Executive Budget recommended one new position to meet those demands, and funding was provided through the Salvage Wreckers/Body Shops account. She noted that the Interim Finance Committee had approved a request from the DMV in 2004 and again in 2005 to add three positions for that purpose, and the Governor had recommended the continuation of those positions.

Ms. Johnson said that at the direction of the Subcommittee, the Department had submitted updated statistics with actual data through March 2005, indicating a projected increase of 30 percent from FY2004. Actual salvages received from October 2003, when the program began, through March 2004, equaled 20,793, while actual salvages for the same period in FY2005 equaled 31,403, a 51 percent increase over the year before. Actual turnaround time had not kept up with the two-day criteria outlined in legislation and averaged approximately 2.74 days. Given the growth in salvages and the Department's

current inability to meet the two-day mandate with existing staff, addition of one new position was recommended.

Ms. Johnson noted that there were other items. She said that staff wished to apprise the Subcommittee that adjustments had been made to authorized revenue for registration sales tax commissions and mail renewal fees based on the actual projected revenues made by the Department. Modifications in those revenues resulted in a reduction to Highway Fund appropriations of approximately \$43,464 in FY2006 and \$13,813 in FY2007. Adjustments also had been made to record search fees, based on new projections from the Department, resulting in Highway Fund reductions of over \$500,000 in each year of the biennium. She noted that an adjustment had also been made to Decision Unit M-100 for inflation to place utility costs for the license plate factory into the appropriate category. There was no fiscal impact.

Ms. Johnson added that Decision Unit M-101 recommended additional funding for inflationary increases for raw materials to manufacture license plates. She indicated that staff had reviewed the assumptions and calculations and was recommending an increase in Highway Fund appropriations of slightly over \$90,000 each year based on the revised costs for those materials. Decision Unit E-252 recommended \$856 in each year of the biennium for physicals for staff at the license plate factory, and Ms. Johnson indicated that staff agreed with the Governor's recommendation.

Ms. Johnson said that Decision Unit E-253 recommended a change in the way the Department charged expenditures at the license plate factory to delineate between operations relative to special plates from those of all other plates manufactured at the plant. Funding modifications resulted in a reduction of Highway Fund appropriations and an increase in transfers from the Special Plates account for that portion of those expenditures. The separation of those two operations for expense purposes appeared reasonable and provided that costs relative to one operation versus another was charged correctly and from the appropriate funding source. Staff recommended approval of that accounting change.

Ms. Johnson directed the Subcommittee's attention to Decision Unit E-254 and explained that it recommended that funding for one DMV manager be allocated at 25 percent from the Records Search account to the Central Service account, which also encompassed a reduction to Highway Fund appropriations and an increase to transfers from the Records Search account. To appropriately allocate costs based on actual activity, the proposed change appeared to be reasonable. Decision Unit E-275 recommended the elimination of the driver's license mail renewal fee and a corresponding increase in Highway Fund appropriations to accommodate a portion of the continuing operating costs. She noted that the administration fee was proposed under legislation S.B. 87 for consideration by the Legislature to eliminate the mail renewal fee. That fee was currently \$1.50 and was only charged to those people who renewed their driver's licenses by mail. It would affect the Highway Fund at approximately \$100,000 per year and staff was seeking approval to adjust the Central Services budget, if necessary, to agree with the final outcome of that legislation.

Ms. Johnson said that Decision Units E-500 and E-923 recommended the transfer of one DMV services manager I position from the Records Search account to Central Services to centralize the Department's management team into one budget account. That would also change the funding source for the

position. She pointed out that the Department submitted documentation indicating that 56 percent of the position was dedicated to supervision of staff in Central Services and should be accounted for accordingly. The Executive Budget transferred 100 percent of the position cost from the Records Search budget, and staff was recommending the position transfer with adjustments to reduce the Highway Fund appropriations to the 56 percent rate.

Ms. Johnson indicated that Decision Unit E-710 recommended replacement of a delivery truck located at the license plate factory. The existing truck had 109,000 miles to date and repairs had cost almost \$13,000. She noted that there had been discussion at the hearing on March 2, 2005, regarding the truck and subsequent to that hearing, there had been two major breakdowns and the truck had been out of commission for a lengthy period of time. Staff recommended replacement of that truck. Decision Unit E-711 recommended replacement equipment funding for a shredder, a scanner, electric staplers, telephone headsets, and so on. Decision Unit E-715 recommended approximately \$125,000 for the computer hardware and software replacement in keeping with the 25 percent replacement schedule. Ms. Johnson recommended a slight reduction in funding to adjust pricing based on revisions from State Purchasing.

Ms. Johnson continued and said that Decision Unit E-721 recommended new equipment for Annual Support and Annual Ascent Support software, three telephone headsets for training in the telephone room, two scanners for documents received in bad condition or in colors, and a pallet jack that would replace a worn and difficult-to-maneuver jack at the tag plant. Staff recommended approval of those items. She noted that Decision Unit E-811 recommended the modification of the division administrator position to an unclassified position, but that decision would be made by the full committee. The final decision unit was E-903, which recommended monies each year for the transfer of expenditures for license plate sheeting from the Motor Carrier Division to the tag plant. She said that request was consistent with keeping all manufacturing expenditures in one area and staff recommended approval.

Assemblyman Hogan pointed out that in M-101 there seemed to be a large gap between the recommended additional funding of \$1.6 million for the increased costs of raw materials for the licensing plant and the staff recommendation of \$90,000. He asked what had prompted that reduction. Ms. Johnson clarified that the \$90,000 was in addition to the \$1.6 million, so that request was being increased.

Senator Beers commented that in the previous session the Legislature had underestimated by 300 percent the fiscal impact of A.B. 325, and he said he would be inclined to include an amendment to the NRS changing the two-day turnaround time to a three-day turnaround, rather than adding a position.

Assemblywoman Weber wondered if the state offered physicals for every division as included in Decision Unit E-252. Martha Barnes, Administrator, Central Services and Records Division, DMV, responded to Ms. Weber's question and explained that there was a requirement that the drivers have commercial driver's licenses (CDL) to drive the trucks at the tag plant, and a physical was necessary to obtain a CDL.

Ms. Weber asked how many staff members that included. Ms. Barnes said there were four employees. Ms. Weber asked if the physical included blood work and a treadmill test. Ms. Barnes said there was a schedule that detailed

what tests needed to be done. She explained that the employees might need a physical once every two years, and the Department worked to ensure the employees were current and meeting the requirements for the CDL. Ms. Weber pointed out that there were most likely other state agencies that required commercial driver's licenses, and she wondered whether the cost of those physicals had been included in other budget accounts.

Ms. Lewis interjected that the staff at the tag plant was exposed to hazardous materials, so in addition to having the physicals to meet the CDL requirements for driving the truck, there were also Occupational Safety and Health Administration (OSHA) requirements that had to be met. Ms. Weber asked if that was the only budget account within the Division that required employees to have a CDL. Ms. Barnes indicated that was correct.

Mr. Denis requested additional information on the intent of A.B. 325 of the 72nd Legislative Session. Chairwoman McClain requested that Ms. Lewis provide clarification regarding the legislation from the previous session. She asked if the two-day turnaround time was in statute.

Ms. Lewis informed the Subcommittee that the turnaround time was in statute and the change that Senator Beers proposed would be of concern to the insurance industry. The intent of A.B. 325 was that before an insurance company could deem a vehicle a total loss, the company had to have the title for the vehicle. The argument was, because of the turnaround time at the DMV, the insurance companies wanted to ensure that those titles were produced within a reasonable period of time. During the 2003 Session, everyone had agreed that two days would satisfy the industry and would be possible if the documents were complete and appropriate when submitted to the Department. She pointed out that changing the turnaround time required would be a substantial shift in policy.

Chairwoman McClain asked what the turnaround time period had been before the two-day mandate. Ms. Lewis said there had not been a requirement that the title be processed before action was taken on the vehicle, so that legislation had created a major change in policy for the industry.

Senator Beers wondered if three days could be considered a reasonable turnaround time. He said that the program had been started in 2003 and the Legislature had been under the impression only one additional position would be required, but three had already been added, and the agency was requesting a fourth position. He questioned what would happen if the statute was changed to allow for a three-day turnaround time.

Chairwoman McClain asked if changing the statute was a possibility. Ms. Johnson explained that a bill would have to be introduced by one of the full committees, either the Assembly Committee on Ways and Means or the Senate Committee on Finance.

Mr. Dillard said that another component of that legislation changing the structure for the salvage titles was that the industry actually paid for that service so the increase in the actual numbers versus the projected numbers was funded by the industry paying for those salvage titles. It was fee-funded, and the industry was "paying its own way" so it was not directly a taxpayer issue.

Senator Beers asked if that meant there would be a new fee. Mr. Dillard explained that the salvage pools purchased the titles and the fee was already

included. Because the volume had been at a level much greater than anticipated, additional staff was needed to process the titles. Senator Beers asked if the position was being funded through a reserve in the account. Mr. Dillard indicated that was correct, but clarified that the money transferred into the budget from BA 101-4690 where the reserve was located.

Chairwoman McClain verified that the salaries were essentially being funded by the industry. Mr. Dillard responded affirmatively.

Senator Beers questioned the size of the backlog. Ms. Barnes said that two or three staff members from other areas were being used to try and meet the two-day turnaround. Unfortunately, pulling employees from other areas created a backlog in those areas.

Ms. Johnson added information about the reserve and said that there had been a concern regarding the levels in the reserve in the Salvage Wreckers account, which would be addressed when that budget account was discussed. She indicated that the Department had submitted additional projections showing that activity levels in the current year would leave a reserve of approximately \$600,000 that could be carried forward. There were additional positions being requested that would be funded through the reserve as well.

Chairwoman McClain pointed out that S.B. 87, mentioned in Decision Unit E-275, had been placed on the Chief Clerk's desk on April 28, 2005. Senator Beers noted that the bill was exempt. Chairwoman McClain asked what would happen if S.B. 87 was not passed.

Ms. Lewis explained that when the budget was submitted, the Department had also submitted the bill to eliminate the \$1.50 driver's license renewal fee because that was the only fee imposed on an alternative service. Since then there had been discussion regarding imposing new fees, but S.B. 87 was separate from any discussion that had occurred subsequent to the Governor's budget being submitted.

Mrs. Gansert expressed uncertainty regarding the additional position. Chairwoman McClain said that considering the Department's backlog and that the revenue was available to fund the position, she thought it should be approved. Mrs. Gansert agreed.

ASSEMBLYWOMAN GANSERT MOVED TO CLOSE BA 201-4741
AS RECOMMENDED BY STAFF WITH TECHNICAL
ADJUSTMENTS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

MOTION CARRIED WITH SENATOR BEERS VOTING NO.

DEPARTMENT OF MOTOR VEHICLES
MANAGEMENT SERVICES (201-4742)—BUDGET PAGE DMV-49

Ms. Johnson noted that there were no major closing issues in BA 201-4742. She pointed out that there was \$15,000 requested to purchase training equipment for the new training room at the Decatur office location. There was no equipment available in the Capital Improvement Project for the Decatur

office, and the existing equipment located at Carey was in disrepair and unusable. Staff recommended approval of that item. She noted that Decision Unit E-715 was for replacement of computer software and hardware as outlined in the 25 percent statewide replacement cycle.

SENATOR TITUS MOVED TO CLOSE BA 201-4742 AS
RECOMMENDED BY STAFF.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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DEPARTMENT OF MOTOR VEHICLES
SALVAGE WRECKERS/BODY SHOPS (101-4690) – BUDGET PAGE DMV-62

Ms. Johnson presented the closing issues in BA 101-4690. She said there were two major issues. The first was Decision Unit E-250, which recommended two compliance investigator positions to support the requirements of A.B. 472 of the 1997 Legislative Session that required a garageman to register with the Department for authorization to operate a garage and for the Department, along with the Division of Consumer Affairs, to investigate repair orders or disputes.

Ms. Johnson noted that at the time the bill was passed, the Department reported that approximately 16 percent of their time was spent on the repair order disputes. That number had risen to approximately 69 percent. It had taken a while for the workload to increase, but the Department felt the additional positions were needed to do the work.

Ms. Johnson indicated that the recommendation for additional staff to support workloads appeared reasonable; however, there were concerns over the decreased reserves in the account as a result of adding those positions and other positions in Central Services. The Department had subsequently given revised projections for salvaged title fees that increased those fees by approximately \$36,000 in FY2006 and \$44,000 in FY2007, and increased the reserve balance by approximately \$81,000 by the end of the biennium. The Department projected increased fee revenues and, along with anticipated expenditure activity, was forecasting the reserve level to be approximately \$652,000 by the end of FY2005. In light of the Department's projected revenues, staff was recommending approval of the two new positions.

Ms. Johnson said that the second major issue was the position required by A.B. 325 of the 2003 Legislative Session. She pointed out that the Subcommittee had discussed that issue in the Central Services account. A small adjustment was recommended in the transfer amounts.

Ms. Johnson commented that there were other closing items; however, the majority of the items had already been discussed as there were similar decision units in each budget account. She offered to provide additional information if necessary.

Senator Beers remarked that the new program created in A.B. 325 appeared to have been underprojected; however, he did not feel two additional positions were mathematically justified.

Chairwoman McClain wondered what other duties the employees were tasked to perform. Senator Beers reiterated that, regardless of the other work, two new positions seemed excessive.

Chairwoman McClain asked if Senator Beers was suggesting that only one position be approved, and Senator Beers responded affirmatively.

Mr. Dillard explained that it was a statewide issue. He explained that the aforementioned responsibility had actually been added in 1997, and at that time testimony was provided that 2 investigators could devote 16 percent of their time to those responsibilities. However, the amount of time required had exceeded 16 percent from the beginning, which had affected the ability of the investigators to work on the assignments they had had before.

Mr. Dillard pointed out that the investigators had to reprioritize, which meant certain tasks were not completed because there was not enough staff to do them. He agreed that Senator Beers' assessment of the numbers was correct, but it did not take into account that there was only one investigator and he had to travel statewide to all the garages. Therefore, the Department felt it was necessary to have one investigator in the north and one in the south. He added that the investigators were civilian investigators and had crossover duties between the accounts of the garagemen and the salvage wreckers/body shop industry as well, depending on the type of investigation and whether it was criminal or administrative in nature.

Mr. Dillard emphasized that the investigators already had to travel throughout the state and if only one position was added there would be logistical difficulties for that one position. He noted that no additional positions had been added to the account since the inception of the program, but there had been growth.

Senator Beers verified that the Department currently had one position in the north and one in the south. Mr. Dillard indicated that was correct. Senator Beers asked if there was twice as much repair work in Clark County than in northern Nevada. Mr. Dillard said he did not have the exact figures, but thought that would be a fair assumption.

Senator Beers opined that only one position was needed and it should be placed in the south.

SENATOR BEERS MOVED TO CLOSE BA 101-4690 WITH ONLY
ONE ADDITIONAL POSITION IN LAS VEGAS AND ALL OTHER
ITEMS AS RECOMMENDED BY STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

DEPARTMENT OF MOTOR VEHICLES
VERIFICATION OF INSURANCE (201-4731)—BUDGET PAGE DMV-69

Ms. Johnson indicated that there were not any major closing issues in BA 201-4731. There was equipment replacement similar to the replacement recommendations in other accounts. Ms. Johnson indicated that she would answer any questions.

ASSEMBLYWOMAN GANSERT MOVED TO CLOSE BA 201-4731
AS RECOMMENDED BY STAFF.

SENATOR BEERS SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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Senator Beers noted that there had been difficulties with insurance verification in the past, and he asked if that situation had improved. Ms. Lewis said the program was working effectively and communication with the insurance companies and the exchange of data had improved. She hoped to expand the program to include those people who were registering a vehicle for the first time in the state in order to ensure that they had insurance as well.

DEPARTMENT OF MOTOR VEHICLES
MOTOR VEHICLE POLLUTION CONTROL (101-4722)—BUDGET PAGE DMV-73

Ms. Johnson said there was one major closing issue in BA 101-4722, which was Clark County and Washoe County access to Pollution Control Funds. The Executive Budget recommended a total of approximately \$300,000 in excess reserve fund redistributions to the counties for programs related to the improvement of air quality. Existing statutes allowed local governmental agencies in non-attainment and maintenance areas for air pollution to pursue grants of excess monies from the reserves above the statutory limit of \$500,000.

Ms. Johnson explained that there was an order of priority established in statute for the expenditure of those funds beginning with the DMV Pollution Control account then to the Department of Conservation and Natural Resources, the Department of Agriculture, local governments, and the Tahoe Regional Planning Agency. The DMV had submitted S.B. 26, which would allow for a direct distribution of funding received from the sale of emission certificates to local air quality agencies without requiring approval of the Interim Finance Committee (IFC). Additionally, the proposed legislation would increase the statutory reserve level in the Pollution Control account from \$500,000 to \$1,000,000. The Executive Budget reflected reserve levels at the existing \$500,000 limit.

Ms. Johnson noted that S.B. 26 had passed the Senate Committee on Finance and had been referred to the concurrent Assembly Committees on Natural Resources, Agriculture, and Mining and Ways and Means on April 29, 2005. A revised revenue projection had been submitted that would enable the Department to meet the requirements as delineated in S.B. 26 based on increased levels in FY2005. The revenue projections were proposed at an approximate growth rate of 2 percent for each year of the upcoming biennium. Those revised estimates would allow the Department to maintain the proposed \$1 million reserve level and provide for excess reserve grants of approximately \$2 million over the biennium. Existing statutes did not provide for direct access to excess reserve funds nor did the proposed language in S.B. 26. The Executive Budget as proposed would establish authority for excess reserve grants based on projections of excess reserve funds available at the time the budget was developed.

Ms. Johnson added that approval of Decision Unit E-351 would give the counties access to excess reserves over and above the statutory order of priority for receiving excess funds and would be contrary to existing law. To remain consistent with existing statute and proposed legislation found in S.B. 26, staff recommended that authority for excess reserve grants be eliminated from the Pollution Control account. The Department could approach the IFC to submit the approval of excess reserve grants and to establish authority for receipt of the grants.

Senator Beers pointed out that 60-day reserves were typical, but the reserve in BA 101-4722 was less than 30 days. He remarked that it probably grew after the \$500,000 reserve was set in statute. Ms. Johnson explained that the \$500,000 reserve had been in statute for some time, but with the growth of the Department, the Department felt that \$500,000 was no longer a viable amount.

Senator Beers pointed out that of the \$8.5 million budget recommended in The Executive Budget approximately \$4 million was in grant awards. He remarked that the \$4 million should be removed from the budget total when determining the operating budget and the 60-day reserve.

Ms. Johnson responded that \$2 million for excess reserves would be available over the biennium based on the revised projections. She explained that the operating budget was taken out of the account first, and the remainder was placed into the excess reserves.

Senator Beers pointed out that \$2.9 million was budgeted to air pollution as a state agency line item and \$1.2 million was budgeted to city and county air quality as a line item, which meant that more than \$4 million was in grants. He asked if those two line items were essentially non-operating expenses inside the account.

Ms. Johnson said it was her understanding that some of the funds in The Executive Budget already went to the counties as the \$1 out of the \$6. The excess reserves were not isolated in the budget, but staff had broken them down as information for the Subcommittee. The total included both.

Senator Beers clarified that the \$500,000 reserve was in statute, so there would have to be a statutory change if the reserve total was increased. Ms. Johnson indicated that was correct and pointed out that S.B. 26 changed the statute.

Chairwoman McClain noted that some of the funds were used in other agencies as well. Ms. Johnson added that S.B. 26 would have to be passed in order to increase the reserve level, which meant that approval of the budget would be subject to the outcome of that legislation.

Senator Titus stated for the record that she found it frustrating that only two areas in the state required emission control. She said there were people who lived in Pahrump, which did not have emission control, and drove to Clark County to work and contributed to the pollution. Air pollution was a problem at Lake Tahoe as well, but people who lived there did not have to comply with emission standards. She reiterated that the lack of emission control throughout the state was frustrating. Chairwoman McClain agreed and said perhaps the emission controls should be urban-area specific rather than county-specific.

ASSEMBLYWOMAN GANSERT MOVED TO CLOSE BA 101-4722
AS RECOMMENDED BY STAFF WITH AUTHORITY TO ADJUST
THE BUDGET PENDING OUTCOME OF S.B. 26.

SENATOR RHOADS SECONDED THE MOTION.

MOTION CARRIED UNANIMOUSLY.

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DEPARTMENT OF MOTOR VEHICLES
RECORDS SEARCH (201-4711)—BUDGET PAGE DMV-81

Ms. Johnson stated that there was one closing issue for the Subcommittee to discuss in BA 201-4711. The revenue shortfalls in FY2004 reduced the reserve levels available for transfers to the Central Services and Automation budget accounts. The reason for that reduction was that insurance companies were having individuals request their own records because individual citizens did not have to pay a fee while insurance companies did. The Department had subsequently initiated administrative action to charge a \$7 fee to each individual receiving copies of their records. Ms. Johnson noted that the fee was not reflected in The Executive Budget, but that action would increase the amount of revenue available by an additional \$1.1 million each year of the biennium. Those monies would then be available for transfers to the Central Services and Automation accounts in the amount of approximately \$500,000 each year of the biennium.

SENATOR RHOADS MOVED TO CLOSE BA 201-4711 AS
RECOMMENDED BY STAFF.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

MOTION CARRIED. (Senator Titus was not present for the vote.)

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DEPARTMENT OF MOTOR VEHICLES
AUTOMATION (201-4715)—BUDGET PAGE DMV-86

Ms. Johnson outlined the closing issues in BA 201-4715. The first closing issue was a recommendation for one new computer network specialist position at the Decatur field office. The position would be available for administration of the DMV's local area network covering the new office in North Las Vegas. Additional discussions with the Automation Division indicated that the position would be responsible for the Decatur office and would be housed there. The Department further explained that, while maintenance agreements supported specific hardware and software, the position would be required to provide for local support to computers, printers, scanners, credit card readers, bar code readers, telephone applications, wiring, and so on for the Decatur facility.

Ms. Johnson noted that equipment purchased in FY2006 would carry a 3-year warranty, eliminating the necessity for any maintenance agreements on those items. Staff recommended approval.

Ms. Johnson said the second major issue was related to fleet support. One information systems specialist was recommended for the Decatur office to

provide direct support for the fleet registration function. Based on data provided by the DMV, there were approximately 718 entities with fleets in Nevada, of which 595 were located in southern Nevada. At its hearing on March 30, 2005, the Department reported it had 590 fleet program change requests from those entities registering fleets in southern Nevada. Also at that hearing, there was discussion regarding the 25 programmer positions currently assigned to the Department, and whether or not one or more of those individuals could provide the necessary fleet changes. In response to the Subcommittee's questions and additional queries from staff, correspondence from the Department confirmed the need for fleet program changes, but did not address the issue of whether existing programmers might be reassigned to accommodate the fleet workload.

Ms. Johnson remarked that it appeared that if the function were a priority, additional resources would have been allocated to the program enhancements. Staff did not recommend approval of the systems specialist II at the current time, given the indication that existing staff could handle the fleet operations.

Ms. Johnson explained that the first closing issue was second shift operations support. One computer systems technician III was recommended for second shift operations support. Additionally, a computer systems technician III position, currently funded by the technology unit via a transfer from the data processing category to the Information Services Division in the Department of Public Safety, was recommended for direct supervision and support by the DMV. She noted that the Department reported that overtime savings might be realized as a result of the additional support but the savings could not be quantified since the positions would cover Monday through Friday second shift activities and weekend and holiday overtime still might be required. Also, existing personnel monitored or ran jobs from laptop computers at home. She recommended approval of the positions, primarily on the basis of the provision of 7 days each week for technology coverage, but most particularly for services related to credit cards and to avoid interrupted customer services. Staff also recommended a prorated share of total overtime in the amount of approximately \$2,000 each year be removed to provide for savings that should be incurred as a result of covering the second shift activities.

Ms. Johnson noted that the fourth major issue was training. There was a substantial amount of training, at a cost of over \$200,000, recommended in each year of the biennium. She indicated that she had worked with the Department, and while the Department had been able to maintain their technical training for system changes and updates as they occurred, they had also identified classes that could be provided in-house at a savings in travel monies. Approval was recommended at a reduced amount of approximately \$123,000 each year of the biennium.

Ms. Johnson indicated that the next issue for the Subcommittee to consider was related to administration of the International Fuel Tax Agreement (IFTA). Decision Unit E-278 recommended two information systems specialist III positions to develop, in-house, a portion of the IFTA system covering electronic filing of fuel tracking by suppliers. Currently, Affiliated Computer Services (ACS), an outside agency, provided the contract for tracking and reporting requirements for the system. She confirmed that there had been a reduction of approximately \$250,000 each year recommended in the Motor Carrier budget to offset the cost of the in-house development.

Ms. Johnson explained that testimony at the March 30 hearing and additional information provided by the Department indicated the Department's intent to ultimately bring the entire IFTA administration in-house to become less reliant on outside vendors. In-house technology also would provide savings from existing contract obligations offsetting the cost of the two recommended positions. A determination had been made that a total of four positions ultimately would be required to support the IFTA application due to its size and complexity, but would attempt to shift current personnel to fulfill that need in future biennia, rather than adding additional staff. Ms. Johnson pointed out that the Subcommittee would need to decide whether or not to approve the addition of two positions for the in-house tracking.

Ms. Johnson noted that another major issue was the technology investment requests (TIR), of which there were several. The first request was to replace and upgrade the Carson City Internet infrastructure at a cost of \$400,000 the first year and \$11,000 the second year of the biennium. That upgrade would replace four Cisco Catalyst 5500 series network switches in Carson City. The manufacturer had indicated that those switches were at the "end of life" and would no longer be supported. The switches were being phased out and would be completely gone by 2008. The Department had indicated the existing network switches were located in Carson City and provided for communications statewide. Further, the technology did not allow for a phased replacement approach as the old technology would not be compatible with the new. The new infrastructure would be built alongside the existing network and swung over all at once. Parts and service would no longer be available for the existing Catalyst 5500s.

Ms. Johnson recommended approval of the switch replacements with reductions in the amount of approximately \$36,000 to delete the maintenance coverage, which accompanied the equipment in the first year and to delete contingency monies that had been added.

Ms. Johnson explained that the next TIR was for a capacity upgrade for a storage area network. She noted that it was staff's understanding that the recommended upgrade would provide for 14 terabytes of space. The Department indicated that in addition to its present capacity of 6 million records, 19 million more could be stored for a total of approximately 25 million records with the capacity upgrade. The Department had also indicated a non-monetary savings that would result from the upgrade by way of employee performance and customer services.

Ms. Johnson added that the Department of Information Technology (DoIT) had reviewed and recommended the capacity upgrade, and upon review of those analyses, the recommendation appeared reasonable.

Ms. Johnson said the replacement of an impact band printer with high speed continuous form laser printer was the next TIR. She explained that the Department would run its own continuous print forms, replacing the print load currently operated by the DoIT. There would be a savings of \$5,000 in the first year and \$50,000 in the second year of the biennium if the Department did the work rather than paying the DoIT for those services.

Ms. Johnson pointed out that the two TIRs in Decision Units E-721 and E-722 were for purchase of backup servers and redundancy systems for T-1 lines. That equipment would back up any existing servers in the critical function areas. The Department indicated that the backup servers would maintain

customer services if existing services failed, and the recommendation for both of those appeared reasonable.

Ms. Johnson continued and said the final TIR was Decision Unit E-723, which was an email and spam control system. Currently, the Department had over 771 email users and a daily average of over 9,000 spam hits. The recommendation appeared cost-effective and would save DMV staff time.

Ms. Johnson noted that there were a few other items in the account. Decision Unit E-276 requested an upgrade of telecommunications in the Flamingo, Sahara, Donovan, Pahrump, Laughlin, and Tonopah offices. The telephone switches were no longer covered by the manufacturer or under maintenance agreements. Staff recommended approval of that upgrade.

Ms. Johnson said there were a number of transfers in the budget as well, but the transfers were "housekeeping" measures and staff recommended approval. She indicated that she would be willing to answer any additional questions.

Chairwoman McClain remarked that the Subcommittee should discuss the addition of positions before taking a motion. She said it was her understanding that there were 25 programmer positions currently and one was vacant, and she opined that the vacant position should be replaced with the information systems specialist position.

Mr. Denis commented that the staff recommendations appeared reasonable and the position in Decision Unit E-252 should not be approved.

ASSEMBLYMAN DENIS MOVED TO CLOSE BA 201-4715 AS
RECOMMENDED BY STAFF WITH THE ADDITION OF TWO
POSITIONS IN E-278 WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

MOTION CARRIED. (Senator Titus was not present for the vote.)

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DEPARTMENT OF MOTOR VEHICLES
HEARINGS (201-4732) – BUDGET PAGE DMV-101

Ms. Johnson indicated that there were not any major closing issues in BA 201-4732. She noted that Decision Unit E-275 requested that the Department outsource transcription sources for hearings appealed to district court. It was considered a conflict of interest for the Department to transcribe the hearings. Also, staff from the Attorney General's Office was assisting the Department, but had indicated that they no longer had sufficient time to assist the Department. Decision Unit E-730 recommended the installation of a glass partition in the Sahara building's hearings office to form a barrier between staff and the public for staff's safety. The Department had indicated that the partition would be made of plexiglass with a sliding window. Ms. Johnson said the recommendations appeared reasonable.

SENATOR RHOADS MOVED TO CLOSE BA 201-4732 AS
RECOMMENDED BY STAFF.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

MOTION CARRIED. (Senator Titus was not present for the vote.)

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Chairwoman McClain adjourned the meeting at 10:22 a.m.

RESPECTFULLY SUBMITTED:

Susan Cherpeski
Committee Attaché

APPROVED BY:

Assemblywoman Kathy McClain, Chairwoman

DATE: _____

Senator Dean A. Rhoads, Chairman

DATE: _____

Assembly Committee on Ways and Means
Senate Committee on Finance
Joint Subcommittee on Public Safety/Natural Resources/Transportation
May 4, 2005
Page 26

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Public Safety/Natural Resources/Transportation

Date: May 4, 2005

Time of Meeting: 8:00 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda