

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

**Seventy-Fourth Session  
March 22, 2007**

The Committee on Transportation was called to order by Chair Kelvin Atkinson at 1:40 p.m., on Thursday, March 22, 2007, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/74th/committees/](http://www.leg.state.nv.us/74th/committees/). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Kelvin Atkinson, Chair  
Assemblyman Mark Manendo, Vice Chair  
Assemblyman David Bobzien  
Assemblyman John C. Carpenter  
Assemblyman Jerry D. Claborn  
Assemblyman Ty Cobb  
Assemblyman Ed Goedhart  
Assemblyman Pete Goicoechea  
Assemblyman Joseph Hogan  
Assemblywoman RoseMary Womack

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Susan Gerhardt, (excused)

**GUEST LEGISLATORS PRESENT:**

Assemblyman John Ocegüera, Assembly District No. 16  
Assemblywoman Ellen Koivisto, Assembly District No. 14



**STAFF MEMBERS PRESENT:**

Marjorie Paslov Thomas, Committee Policy Analyst  
Sharon Wilkinson, Committee Counsel  
Christine Henriksen, Committee Secretary  
Matt Mowbray, Committee Assistant

**OTHERS PRESENT:**

Bill Young, Private Citizen, Clark County, Nevada  
Joseph W. Brown, representing Asysco Technology, Inc., Las Vegas, Nevada  
Lon Peterson, President, Chief Executive Officer, Asysco Technology, Inc., Las Vegas, Nevada  
Paul Womack, Lieutenant, North Las Vegas Police Department  
Robert Roshak, Sergeant, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department  
Bill Bainter, Lieutenant, Nevada Highway Patrol, Department of Public Safety  
Mark Schaible, Traffic Bureau, City of Henderson Police Department  
Mike Flanagan, Assistant Special Agent in Charge, Drug Enforcement Administration for Los Angeles Field Division, U.S. Department of Justice  
Frank Adams, Executive Director, Sheriffs' and Chiefs' Association  
Tim Kuzanek, Lieutenant, Administrative Services, Governmental Affairs, Washoe County Sheriff  
Tom Mueller, Traffic Officer, Reno Police Department  
Rusty McAllister, representing Professional Firefighters of Nevada  
Paul Enos, Chief Executive Officer, Nevada Motor Transport Association, Ron Levine, Director of Government Affairs, Nevada Motor Transport Association  
Mike Lawson, Chief, Traffic Information, Department of Transportation, Ken Chambers, Operations Analyst, Planning Division, Department of Transportation  
Kent Cooper, Assistant Director, Planning Division, Department of Transportation  
Robert Compan, Government Affairs Representative, Farmers Insurance Group  
Bob McCleary, Executive Director, Nevada Collision Industry Association  
Michael Spears, Nevada Collision Industry Association, Henderson, Nevada  
Jim Norris, representing Nevada Collision Industry Association

Troy Dillard, Administrator, Compliance Enforcement Division,  
Department of Motor Vehicles,  
Jack Jeffrey, representing B & E Auto Auction, Henderson, Nevada  
Martha Barnes, Administrator, Central Services and Records Division,  
Department of Motor Vehicles

**Chair Atkinson:**

[Meeting called to order. Roll taken.] Today we have four bills on our agenda. We are going to take two of them out of order, Assemblyman Oceguela's bill Assembly Bill 374 first, Assemblywoman Koivisto's bill Assembly Bill 239 second, my bill Assembly Bill 266 next, and Mr. Manendo's bill Assembly Bill 181. I am happy to see our former Speaker in our audience and welcome back. Also, I would like to welcome former Assemblyman McCleary, happy to see you back. Mr. Oceguela, I know you have an order in which you would like people to come up. I assume you will start it off and we will call the other individuals to the table.

**Assembly Bill 374: Requires the Department of Transportation to construct and operate permanent port of entry inspection stations. (BDR 35-930)**

**Assemblyman John Oceguela, Assembly District No. 16:**

[Read from prepared text ([Exhibit C](#)), ([Exhibit D](#)), ([Exhibit E](#)), ([Exhibit F](#)) and ([Exhibit G](#)).]

**Assemblyman Goicoechea:**

You are talking about inspecting these vehicles. Would they be stickered, similar to what the Commercial Vehicle Safety Alliance (CVSA) has? As you are bringing these through the ports you would be inspecting them, charging a fee, and I would assume we would apply a Nevada sticker the same way for safety inspection?

**Assemblyman Oceguela:**

Yes. In the bill we allow the Department of Transportation (NDOT) to adopt regulations. I envisioned, as one of the benefits of being inspected in Nevada, that your vehicle could be sealed, go to a port like Long Beach, and be able to deliver your cargo right onto a ship and avoid the line.

**Assemblywoman Womack:**

We could join with the other states at the borders with this type of inspection. If they already have an inspection site, does that mean we can join with them on their state line rather than ours?

**Assemblyman Ocegüera:**

Section 1, subsection 2(a), "Enter into interstate agreements for joint operation of ports of entry with the states that border Nevada at the location of the ports of entry..." is broad enough to do what you said.

**Assemblyman Hogan:**

I would assume that the Department of Homeland Security has some planning at least, but do they have any programs for financial assistance to develop these valuable border checkpoints?

**Assemblyman Ocegüera:**

I am on the Homeland Security Commission. If you notice in Section 1, subsection 2(b), "Accept gifts and grants from federal and other governmental sources..." It opens that up as well.

**Assemblyman Carpenter:**

My colleague talked about cooperation with other states, and there is a port of entry in Utah by Wendover. I have often wondered why we did not take advantage of that. It looks like it would help to solve the problem up there.

**Assemblyman Cobb:**

By the bill's language and from the different materials you have handed out, the actual implementation or use of technology will be left up to NDOT to determine? I notice there is a fee schedule in here. Would that be collected from the interstate carriers on a per crossing basis to cover the full cost of the system?

**Assemblyman Ocegüera:**

To answer your first question, yes. We left that language broad as well so that we did not run into any interstate commerce clause problems. The fee is yet to be determined, but we do not think it is going to be that much.

**Bill Young, Private Citizen, Clark County, Nevada:**

The previous four years I was the Clark County Sheriff and with the Metropolitan Police Department for the last 28 years. I would like to address three points. First, as the Clark County Sheriff, I understood the magnitude of protecting Clark County, the metropolitan area, and our citizens. Many nights I thought about the best methods of protecting our county and where our most vulnerable points were. I sat on that same Homeland Security Commission that Assemblyman Ocegüera referred to, and I spent many times in national meetings with other police chiefs and sheriffs. We discussed the borders of our states and points of entry where vehicles and heavy trucks enter. I have often wondered, as Assemblyman Carpenter asked, why we do not work with

adjoining states to jointly operate some type of check station or point of entry to check for the safety of the vehicles and type of drivers that are bringing these heavy and dangerous pieces of equipment across our borders. I never have been able to understand why Nevada does not have such a program.

September 11, 2001, changed the way we do business in law enforcement. I could list a number of reasons, many of them were covered by Assemblyman Ocegüera and I will not repeat them, as to why from the Homeland Security standpoint, we need this bill. We need to start looking a little more carefully at the truck traffic entering our state, particularly from the major freeways.

In Las Vegas we rely heavily on the convention business, and there have been many discussions about how to track the semi trucks bringing in goods and services and pulling up to large convention centers with as many as 100,000 occupants. These trucks pull up, many of them with loads that were picked up right at the port unchecked—Homeland Security will admit that less than 5 percent of all heavy duty cargo containers entering the United States are actually screened—and these trucks are sitting beside the Las Vegas convention centers. There is a lot of common sense behind this bill.

The second point I would like to make is that, from my point of view, 75 percent of all property crime and a similar amount of all violent crime in Clark County is caused by methamphetamine (meth) and the use of that drug. I will go out on a limb and say probably 95 percent of meth entering Clark County enters through our border at I-15 from California. Perhaps, some comes in westbound from Utah, but the majority comes up from Mexico. Fifteen years ago when I was working vice and narcotics, it was routine for Metro to find, discover, or bust 400 or 500 meth labs in Clark County a year. My last year as Sheriff, we had less than 40. Most everyone knows that Mexico has made methamphetamine one of their biggest exports. It is very troubling to see that the majority of this drug is transported down I-15 in commercial vehicles.

Assemblyman Ocegüera talked about the accident on I-15, which was pretty devastating. My family and I were similarly affected. My uncle and my mother were involved in an accident on July 29, 2005. A semi truck traveling recklessly at approximately 75 mph, while traffic was traveling 10 to 15 mph, hit the rear of my uncle's car, killing my mother and uncle instantaneously. Two others were killed in a horrible chain reaction wreck which included 20 vehicles. The eyewitness statement from the Highway Patrol (NHP) said the truck driver got out of the truck and, instead of checking on my uncle and my mother, immediately went to the rear of his truck and starting talking on his cell phone, never bothering to check on their welfare.

Today, that truck driver is wanted on two counts of felony reckless driving and two counts of involuntary manslaughter. He is a Canadian citizen. I do not know what his driving privileges were in this State, if any. I doubt seriously whether he will return to our State to face the charges. It was pretty clear from the intense investigation the NHP did that this individual clearly violated the law. He had no business behind the wheel of that truck. I strongly urge this Committee to forward this bill. It does a lot of good things for the protection and safety of our community.

**Assemblyman Cobb:**

We are hearing about the various aspects of the implemented program and how it will make people safer drivers, and look for meth, and other aspects. I do not see any of that in the bill. I do not know if the words "ports of entry" are a term that is used within the transportation community. Are we going to be guaranteed that we are going to end up with a program that meets the various aspects which sound good to me? How do you feel about that? I want to make sure we are going to meet all the goals we are laying out here in the Transportation meeting.

**Bill Young:**

I was not involved in the drafting of this bill and I see some of what you are saying. This is not so much of a Department of Transportation issue as it is a law enforcement issue. I am familiar with only one point of entry, and that is the one going into Utah. I have had the opportunity to tour it. It is jointly operated by both transportation departments, but the Utah Highway Patrol has absolute control from that point of entry. It is law enforcement and focuses on the laws not only dealing with licensing but also weight restrictions and safety. Maybe this bill needs a little more fine tuning and work to ensure that those things are the key to this bill.`

**Joseph W. Brown, representing Asysco Technology, Inc., Las Vegas, Nevada:**

I am here to introduce Mr. Lon Peterson of Asysco, who will tell you about the type of equipment that has been developed and is presently in use in many federal facilities. It could be available for use in Nevada should A.B. 374 become law. Shortly after being engaged by Mr. Peterson last year, I attended a demonstration of Asysco's equipment at the Las Vegas offices of the Drug Enforcement Administration (DEA) along with federal law enforcement representatives. Everyone was amazed at the capabilities for detecting weapons, explosives, drugs, and other illegal paraphernalia. It put the equipment presently in use at our airports and our state and federal buildings to shame.

**Lon Peterson, President, Chief Executive Officer, Asysco Technology,  
Las Vegas, Nevada:**

I am an ex-Special Forces, Vietnam disabled veteran with a mission to bring this technology that has been perfected over a 20-year period to Nevada. We selected Nevada to be our launch site for the technology with the cooperation of officials and the favored sons and daughters of the State of Nevada. Our objective is to protect this State.

I was asked to bring this technology to Long Beach recently and am working with the unique committee at the Port of Long Beach. In the last six months I have been working with Mr. Brown and others in Nevada to come up with a program to allow this technology to come to the State. The federal government has utilized this in the Homeland Security channels for approximately six years. I would like to start my PowerPoint presentation ([Exhibit H](#)). You will see some duplications of images that this technology can yield. The contractors, American Sciences and Engineering, are out of Massachusetts. The company's physicist is Dr. Giacconi, who has a Noble Prize and is a Presidential Award physicist in the United States. For over 50 years he has been a creator of technology that allows us to see out through the ends of our universe.

The technology I am going to show you today protects the White House, Pentagon, most of the Homeland Security channels, and New York City, and has since 9/11. The technology has been in 149 countries throughout the world. Because Nevada is rated very high on the terrorists' list, I requested that the contractors ask the U.S. Government to bring this technology to Nevada. Presently it is protecting borders, airports—customs and immigration facilities, but very few airports in the United States—military security agencies, and local and state police departments.

The technology is identified as a Z Portal. It will scan 80 trucks an hour or one truck in six seconds with one portal, so it does not hold up commerce. Long Beach has more than 70,000 trucks approaching every day at their center of business. How do we protect our Port of Long Beach? I have been in discussions with California Governor Arnold Schwarzenegger's office. They know we are in Nevada working progressively to protect our road systems. Governor Schwarzenegger is very interested in speaking to Nevada officials and in having a joint venture to protect the roadways coming into California. On the left side is the equipment built, and on the right side is the completed installed piece of equipment [referred to slide]. What is unique about this system is that it has what is called the "flying spot." Up on the right hand corner you see a wheel [referred to slide]. This was a technology patent. It is the only technology of its kind in the world. Dr. Giacconi invented and perfected it over

the last 10 or 12 years. You can see a little motion detection and how it penetrates a truck within seconds [referred to slide, ([Exhibit H](#))].

Here is a measurement of safety [referred to slide]. Safety for the operators and the environment are the most important measures I looked for in technology worldwide to protect our State. The Z Portal inspection is .05  $\mu$ Sv with this radiation detection measurement. If you look at the last bar, here is a chest X-ray. You see it is 100  $\mu$ Sv [referred to slide]. This is not a typical X-ray; it is called an electronic X-ray. You might relate it to an electronic copy over the Internet. This is a form of electronic transmission and detection technology. It detects three sides of a vehicle—left, right, and top side [referred to slide]. The individual in this top truck is on the right side; you can see the person. On the bottom truck you can see from the left side, he has a weapon attached to his person. You can see the top view. In another view, the individual on the top is not noticed on the scanning of the right side. On the left side below, you cannot identify him either, but on the top view, you see an individual in the center image where he is lying on the floor of the van [referred to slide].

The optimum speed limit is six miles an hour through the portal, and no technology in the world has that speed. Here is a photo from the border patrol; it came out of Mexico [referred to slide]. At the top is a standard transmission X-ray that is normally used in every airport and every border crossing in the United States, until just recently. The Transportation Security Administration is looking at removing that technology and putting in what is called "backscatter" X-ray technology. Below you can see the circled areas [referred to slide]; those are suspected bombs or weapons. You do not have to search the entire vehicle, just those areas, not holding up commerce. It may be something insignificant, but it is showing up as a possible weapon. The X-rays and detectors are basically how it works. The technology is unique, but is a very simple operation.

At the Port of Long Beach, this is the system that is being proposed and is the system that they would like to use for all the cargo coming into the port either from the U.S. or from abroad.

This is also a border patrol image [referred to slide]. If you look at the top image you see merchandise and on the bottom you see merchandise. What the operator of the equipment sees, as he focuses in on the top of this truck is the driver trying to smuggle in drugs. This happens every day.

Here is the first system ever installed in 2002 [referred to slide]. There is a throughput [referred to slide]. These are technical specifications [referred to slide]. What can be incorporated into the equipment is a radiation detection



system—we have a license detection system—and a system to identify the manifest that coincides with what the driver is hauling. You can take a photo from the rear and also attach cameras to the outside. Here are all the products that American Sciences and Engineering manufactures [referred to slide, ([Exhibit H](#))]. They are one of a kind.

**Assemblyman Claborn:**

It is essential that we should have something like that on our highways and for our citizens' protection here in Nevada. How are we going to fund it?

**Lon Peterson:**

Our company has a plan. We have a business model; we purchase the equipment and will put it on a revenue-sharing opportunity with the State. It is similar to the model that we are working on with Long Beach.

**Assemblyman Claborn:**

Will it be infractions, tickets, et cetera, and collected revenue?

**Lon Peterson:**

It will be state law enforcement, not our personnel operating the equipment, who will write tickets, et cetera. We will only purchase, install, and operate the equipment, at no cost to the State.

**Assemblyman Claborn:**

The bill itself says the commercial trucking industry would foot the bill. I am against that, and I want you to know that right up front. If we could come up with something else, such as if they write these tickets and it all goes into one fund, maybe we can support it that way. We have so many regular spots where trucks have to stop anyway and check for overloads, et cetera. How are they supposed to get across the country if they have to stop every time they hit a border?

**Lon Peterson:**

The reason California would like to have a handshake with the State of Nevada, Oregon, and the surrounding states is 70,000 trucks a day travel into southern California and the Long Beach area, with 80 percent of those traveling through this State. That is a great number. The plan we have at Long Beach is to place a ticket and electronic seal on the truck. That fee would be shared with California, and the trucks would not be scanned in California or any other state. That is of interest to the unions, the longshoremens, and the teamsters who were at the same table in Long Beach. They are in agreement that this is necessary. They are concerned about the threat.

**Assemblyman Claborn:**

I am in agreement with it, too. I am sure it is a very fine machine, and we do need it today, not tomorrow, but I am looking at the funding.

**Assemblyman Goedhart:**

Based upon what the other states are running, do you have a ballpark figure on what a port of entry facility would cost? Are you looking at multiple machines as backup, in case one machine breaks down?

**Lon Peterson:**

Yes. At about 80 trucks per hour, we can scan 20,000 trucks with ten machines. Each machine, including an installation cost, is about \$2.5 million.

**Assemblyman Goedhart:**

You are looking at \$25 million a facility.

**Lon Peterson:**

Correct.

**Assemblywoman Womack:**

I notice as we travel the highways that the ports of entry are not manned 24 hours a day. Sometimes you go past them, and there are cars, and other times they are closed. Would this be a 24-hour facility?

**Lon Peterson:**

That is what we are recommending.

**Assemblyman Carpenter:**

How do you detect the drugs? Is that possible with that machine?

**Lon Peterson:**

Yes, sir. The machine and operator, through proper training, can identify drugs. It will identify organic materials and non-organic materials.

**Chair Atkinson:**

Looking at the pictures I would not have any idea what to look for. Will your company come and train the individuals who are going to be responsible for this scanning?

**Lon Peterson:**

Yes, Mr. Chairman, our company will provide training.

**Assemblyman Manendo:**

If drugs are detected, then what? Do they hold the truck at bay? Do the drivers just go on their way and you make a call and, hopefully, someone down the road...?

**Lon Peterson:**

We would talk with the first alert teams and state agencies. There is a system and a number to call if something is detected. The most likely model to have is an officer from the State on staff at the site or for the State to give permission for one of our employees to write the ticket.

**Assemblyman Manendo:**

If it is drugs, it would be more than a ticket?

**Long Peterson:**

If it were drugs, we would instantly call the DEA.

**Paul Womack, Lieutenant, representing the North Las Vegas Police Department and Chief Mark Paresi:**

We support all the comments, points, and feelings that have been expressed here today. We are in full support of the bill moving forward.

**Robert Roshak, Sergeant, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department:**

The Metropolitan Police Department totally supports A.B. 374. With all the truck traffic we have coming up through I-15 and those that are diverted into the tourist corridor, having the ports of entry that can inspect the vehicles not only for safety violations but also for any types of explosives would be an extreme benefit for us.

**Chair Atkinson:**

Who would administer the tickets? Do you know how that would work with all of you? Would you take their lead?

**Robert Roshak:**

It would depend on who would be manning those particular sites. I do not know if it would be predominately Department of Public Safety (DPS), but I know we would work in a cooperative effort.

**Bill Bainter, Lieutenant, Nevada Highway Patrol, Department of Public Safety:**

The Nevada Highway Patrol (NHP) supports the proposal for ports of entry in the State of Nevada from a public safety perspective. However, we do realize that this would have a significant fiscal impact. Currently, NHP has 60 officers

statewide that are assigned to a commercial enforcement section that would equate to 22 officers in the Las Vegas area. The State of Nevada does not have any fixed port of entry facilities, scale houses, or any 24/7 operation that inspects vehicles traveling on our highways. Any additional effort in inspecting commercial vehicles would certainly improve traffic safety.

**Mark Schaible, Traffic Bureau, City of Henderson Police Department:**

I am here in support of A.B. 374. Henderson is the second-largest city in the State. There are 43 miles of interstate highways, current and previous state routes, and major NDOT roadways within our borders. With an exit nearly every mile, the roadways in the City of Henderson become clogged with commercial vehicles. As a result, the City has entered into the enforcement of commercial vehicle laws by necessity, not by choice. In the current system, the majority of vehicles passing through the City are not contacted by the Department of Public Safety or the Henderson Police Department. These same vehicles and cargo have unlimited access to our casinos, shopping districts, and utilities, such as the River Mountain Water Treatment Facility which supplies the greater Las Vegas Valley. Currently, we cannot deal efficiently with the sheer number of safety violations and have no control over the cargo or destination of any contraband cargo carried into our State. Mr. Chairman, I ask that you seriously consider A.B. 374.

**Assemblyman Hogan:**

Lt. Bainter, are the functions performed by the NHP aligned with the functions we heard described as those which would be performed at the new port of entry, such as interdiction of narcotics, oversight of the whole range of safety issues on a commercial vehicle, questions of fuel quality, et cetera? Or, are there things that have to be worked out, possibly involving another agency?

**Bill Bainter:**

Currently, the commercial enforcement inspections we do are for federal regulations and verification that the regulations are being complied with, as well as *Nevada Revised Statutes* (NRS) that apply to commercial enforcement. Through the course of these inspections, there are incidences in which drugs and other non-commercial, illegal violations are addressed. Yes, the proposal for a facility like this would be beyond the scope of what and how we are operating. Right now, our facilities, when we conduct inspections, are primarily focused on safety of the vehicle and the driver.

**Assemblyman Hogan:**

You said some of those functions would be beyond your current scope, but is it also the case that you are empowered to detain or make arrest for other violations, rather than letting someone go? You might take action, but you might not have the final authority to dispose of the issue, is that it?

**Bill Bainter:**

That is correct.

**Assemblyman Claborn:**

The employees you were talking about, are they the NHP that wear the brown uniforms and who work in Jean, out by Apex? They check weights and measurements of the vehicles and inspect them.

**Bill Bainter:**

In the late 90s they used to wear brown uniforms. Today, they are all in blue. Yes, these are the same people, the former motor carrier department that was brought over to the NHP.

**Assemblyman Claborn:**

I knew we had more employees other than the NHP who cruise up and down the highway helping people and moving their vehicles off the road.

**Assemblyman Goedhart:**

When your motor carrier safety officers pull a truck over is there a different level of inspection that they get into, such as a level 1 or level 2? I believe every truck is required to have a level 2 inspection on an annual basis, is that correct?

**Bill Bainter:**

Yes. An annual inspection is required for every commercial vehicle per the *Federal Motor Carrier Safety Regulations*.

**Assemblyman Goedhart:**

Sometimes out on the highways a truck will be stopped for a valid inspection, and the trucker will ask the NHP if they could do a little bit more so he can get his annual inspection. Many times the NHP are not able to do it because they do not have a facility or they are short on time. At these new stations, if the driver wants to have a level 2 inspection, is that something that could be done?

**Bill Bainter:**

That would be a level 1 inspection and would qualify as an annual inspection.

**Mike Flanagan, Assistant Special Agent in Charge, Drug Enforcement Administration for the Los Angeles Field Division, U.S. Department of Justice:**

My area of responsibility is the State of Nevada, which involves all local, national, and international enforcement operations relating to drugs and regulatory issues involving doctors, pharmacies, and chemical companies.

Methamphetamine (meth) is a prime drug threat in Nevada today. The majority of the methamphetamine is imported from Mexico and comes from super labs. As a result of the cooperative effort nationwide in the legislation of pseudoephedrine, huge labs in Mexico manufacture meth in bulk which is then transported to the U.S. Additionally, the majority of the meth that enters the country is transported by cars and trucks. It eventually enters the Nevada region in the same manner. This is illustrated by the dramatic increase in meth seizures from vehicles and trucks at the ports of entry along the U.S. and Mexico border.

As an example, approximately 500 kilograms of meth were seized in 2000 at our borders. In 2006, approximately 2,000 kilograms were seized. The volume had steadily increased each year in that time period. This is also illustrated by the amount of meth seized coming into our State. Over the last three calendar years, DEA has sponsored the Nevada High Intensity Drug Trafficking Area (HIDTA) Interdiction Task Force in a cooperative partnership with the Las Vegas Metropolitan Police Department, NHP, and Department of Public Safety (DPS). During those three years, that task force has seized over 200 pounds of meth on the roadways. While significant, the intelligence shows that is a small fraction of the total amount of meth and other drugs crossing the borders into the State of Nevada. Most Mexican organizations with local distribution cells here in Nevada and other states usually deliver and sell approximately 10 to 50 pounds of meth per month. Commercial trucking is a significant component of meth importation from the border. The DEA's El Paso Intelligence Center reported 645 seizures involving commercial trucking during 2005. Of those seizures, 29 were only meth.

The traditional smuggling methods utilized in cars and commercial trucks are hidden compartments, gas tanks, walls, trucks, roofs, or anything that has space in it. Customs border protection seized approximately 1,000 kilograms of meth valued at \$30 million wholesale from these 29 trucks. The two border states that account for the majority of Nevada's imported meth are California and Arizona. The scope of cross-border vehicle traffic at these borders is enormous. Over 44 million cars and 1.4 million trucks entered California and Arizona from Mexico in 2005. The increasing level of cross-border traffic necessitates efficient law enforcement detection methods by way of

technology. Besides the hands-on, dedicated state, local, and federal law enforcement officers that are out there on the streets, borders, ports of entry, and checkpoints, we need more.

The development of the Vehicle and Cargo Inspection System (VACIS) is an example of technology designed to fulfill law enforcement needs. There are three types: mobile, relocatable, and portal. All these systems use low-level gamma ray radiation for scanning purposes. The low-level radiation is absorbed by a sensitive array of detectors and then is fed into a computer which develops an image to display on the monitor. The use of this type of equipment has allowed law enforcement to detect contraband that would otherwise remain concealed. Examples this equipment detects from drug seizures in commercial trucking are: 55 gallon metal drums, containers, PVC pipe, metal pipe and empty air cargo containers. Entire lab components have been discovered concealed in the roofs, walls, floors, and frames of tracker-trailers.

From 1995 to 1998, I was a DEA supervisor on the Mexican border. The scanning technology, much more developed at this time, was being utilized on a case-by-case basis there. You saw an example of the technology where the truck pulls up and goes through the portal; the operator can see exactly what is in the truck. The scanner penetrates the different containers, the walls, the roofs; and packages of controlled substances such as meth, cocaine, and marijuana, all readily stand out.

They spoke earlier about Asysco scanning technology. I have that in my office and that technology gives a complete, overall 3-D view. It can show you a gun, explosives, contraband, or anything hidden in containers. In the regular scanning technology you would see an outline of a box, but this type of scanning technology lets you see behind that. It is a huge tool for law enforcement. The best thing about utilizing this technology is that the people in the State of Nevada would benefit because the drug seizures would increase. It has already been documented for homeland security issues and has also been helpful in the seizure of bulk currency that is being transported. When you look at these trucks, you are not talking about a few pounds of drugs rolling down the road; historically, if it were marijuana it would be tons, and if it were cocaine it would be hundreds of kilos. Those same smuggling abilities are used for meth.

**Frank Adams, Executive Director, Sheriffs' and Chiefs' Association:**

I have been around this legislation when we have discussed this issue before. Technology and times have changed. I know those agencies along I-80 would

definitely assist us in doing our job. I worked with a drug task force along I-80 for a number of years, and there were drugs going east and money coming west. We would love to see this technology in place.

**Tim Kuzanek, Lieutenant, Administrative Services, Governmental Affairs, Washoe County Sheriff's Office:**

Inasmuch as I-80 runs right through the center of the most populated area in our county, we operate a drug interdiction task force in cooperation with NHP and others. My personnel tell me that when they are out on the roads, primarily focused on passenger-style vehicles, they see a hole in our law enforcement effort. We do not have the tools or the technological ability on the road right now to deal with the commercial vehicles. With that in mind, we support this legislation.

**Tom Mueller, Traffic Officer, Reno Police Department:**

Reno Police Department supports this bill and all the points made.

**Assemblyman Hogan:**

The concern many people have is about the sealed shipping containers coming in by sea that are loaded on trucks. Are these as open to this type of examination with the new equipment as other forms of truck body?

**Frank Adams:**

It is my understanding this technology looks at any container, whether it is sealed or not from the port.

**Rusty McAllister, representing the Professional Firefighters Association:**

We support the legislation. I am not as concerned about the law enforcement aspect as I am about the safety of the vehicles and the hazardous materials they are hauling through our communities and whether we have the ability to locate vehicles with maintenance problems or leaks of whatever they are carrying. Those are all important things because when those vehicles get into accidents and spill their hazardous materials, firefighters are the ones responding. Anything we can do to limit that liability before it gets into the communities is a benefit to us.

**Paul Enos, CEO, Nevada Motor Transport Association:**

I am here to speak in opposition to A.B. 374. We appreciate the efforts of the Majority Leader to address these issues and a need for greater enforcement which we agree with, but we have concerns with the implementation of the bill. In Section 1, subsection 2(h), there is a charge for every truck that is inspected. Assemblyman Ocegüera said there were no interstate commerce issues, but when I sent this bill to our national trade association, The American Trucking



Association, they were extremely disturbed by that portion. They felt there may be a challenge on the interstate commerce clause if we are charging trucks to come into the State and have that inspection at the port of entry, because that is something you are not going to do to a state that participates in intrastate commerce.

Mr. Peterson's presentation was absolutely amazing, and we are encouraged by the implementation of the technology to do these inspections, which is needed. We support using it to do inspections for safety and security.

**Ron Levine, Director of Government Affairs, Nevada Motor Transport Association (NMTA):**

The image of the industry has been portrayed as trucking is being used to traffic drugs and commit illegal activities. The truth is most of the vehicles traveling the highways are obeying the law and transporting goods we all need. The trucking industry itself has been voluntarily taking steps in securing our safety and that of the citizens of this country through intelligent technology systems, such as: virtual fencing; electronically alert motor carriers, in case the vehicle strays outside one of its perimeters; tractor and trailer tracking devices to locate units that have diverged from their routes; disabling devices to physically stop a unit; and onboard electronic recorders that will tell the company if the vehicle is stopped, idling, or going off its course.

Our association has taught highway watch for safety and security for truck drivers, what to look for on homeland security situations, and what numbers to call for assistance. Commercial driver's license (CDL) background checks are required on all hazardous materials (hazmat) haulers. After the events of 9/11, the federal government and NHP visited all the hazmat haulers to ensure they had safety plans, and to check on some of the drivers who were transporting the materials. New entrant orders are performed by federal motor carriers and government contractors for compliance reviews to make sure they are in compliance before they can even run.

One of the concerns we have is the charge for inspections. Right now, the Motor Carrier Safety Assistance Program (MCSAP) is reimbursing the Highway Patrol to train and to do these inspections. This unknown amount of money they want to charge each truck to go through we feel is unfair. As an example, you pull a driver over because you think the truck is overweight, you weigh the truck and he is legal, he does not get a fine, but because the truck was weighed, he is charged. We would like to see this modern technology used on the freeways and know that it will enhance our safety, but it would be good for them to check all the cars and trucks. Most interdiction programs on Nevada highways are car vehicles hauling illegal contraband or drugs.

Again, we are concentrating on the inspection of vehicles for safety. The minority of accidents are caused by the mechanics of a truck. The federal government has changed some of their emphasis, and they are changing it with the Highway Patrol. Instead of spending a lot of time inspecting a vehicle, they want to concentrate more on the driver by running checks, checking log books, and doing compliance reviews of the company. They are also looking for the Highway Patrol to increase traffic enforcement on the road, such as unsafe movements from trucks and cars around them. We teach our association members the "no zone," which is a safety zone around trucks where cars cannot be seen. If you really want to say safety, you want to check these trucks. If you were to put six inspectors out on the Highway Patrol to inspect trucks, you would not get ten inspected in an hour because of the time that it takes. During the peak time you have over 100 vehicles going through these check sites, and it is impossible to check all 100 vehicles. It is still going to be random checks.

**Assemblyman Carpenter:**

We heard the former sheriff of Las Vegas talk about a tragic accident in Elko. Apparently this driver was out of Canada. What is the situation when drivers come from Canada or Mexico, in relation to the CDL that people here are required to have? Are they checked?

**Ron Levine:**

The Mexican trucks can go to a certain area on the border, up to 12 or 20 miles. They cannot go through the country at this time, and the drivers are required to have CDLs. Prior to the federal government approving Mexican trucks coming into this country, they are going to be inspected by federal contractors who will go in and check their records, drivers' licenses, and safety.

**Assemblyman Carpenter:**

What about Canada?

**Ron Levine:**

Some of the vehicles going over the border now from Mexico and Canada are checked. The volume is so high, not every vehicle is checked.

**Assemblyman Carpenter:**

The drivers coming out of Canada, they have to get a CDL the same as our drivers do, is that correct?

**Ron Levine:**

Yes, they do.

**Assemblyman Carpenter:**

Do some of them fall through the cracks?

**Ron Levine:**

Yes, just like in this country.

**Chair Atkinson:**

You mentioned about inspection time, what does your industry think about the equipment that was presented earlier by Mr. Peterson?

**Ron Levine:**

We are on two different topics. One is safety inspection of the vehicle, which is inspection of the trailer to see what is inside. We like the equipment, it looks good, although I have not actually witnessed it. Anything to get the vehicles moving, or not stopping them at all, is why we agree with using the facilities of the neighboring states. We are against having trucks stop twice, which is time consuming and useless.

**Mike Lawson, Chief, Traffic Information, Nevada Department of Transportation:**

[Read from prepared text ([Exhibit I](#)).]

The Nevada Department of Transportation has already been advised that a performance measure utilizing tools, such as benefit costs analysis, will be required before this Body will authorize any increase in funding. The Department agrees with this philosophy, and we believe an investment of nearly \$250 million for construction of ports of entry certainly qualifies for this analysis before mandating that type of investment. Here with me is Ken Chambers who has prepared the fiscal note on this legislation.

**Ken Chambers, Operations Analyst, Planning Division, Nevada Department of Transportation:**

I have worked on this project for a number of years to help identify the benefits related to such a program and identify some of the transportation-related benefits as well as the overall project costs.

**Chair Atkinson:**

You spoke earlier on the fiscal note itself, please expand on it. You mentioned \$5 million to start, then it is \$3 million, I did not get all of that. It is my understanding the fiscal note is not even out yet, but it sounds like you know more than we do.

**Mike Lawson:**

The reference I made, with \$5 million versus \$3 million in generated revenue, was relevant to the operating costs of the ports rather than the construction. My point was that even if they were free to construct, we would be losing about \$8 million annually on the operation based on the staff that would be required, maintenance costs, and things associated with it. It costs about \$5 million annually to operate a port. We evaluated the potential revenues from fines, permits issued, hazardous material, et cetera, and found we would return about \$3 million.

The fiscal note on the construction is something Mr. Chambers can read to you right now.

**Chair Atkinson:**

What is your fiscal note if someone else is going to be responsible for the building?

**Ken Chambers:**

We started with a construction estimate from the California Department of Transportation (CalTrans) in late 2002. They said their port of entry facility, Mountain Pass, on I-15 near Las Vegas, would be about \$40 million to construct. The Department looked at eliminating the agricultural portion of that port of entry, so we started with a cost estimate for construction at \$28 million. A complete facility to be built in 2008 is closer to \$40 million. What we estimate for a fiscal note is a total expenditure for construction of \$254 million and annual operating costs for those four ports of about \$20 million. The annual revenue from the transportation-related side of that facility—safety, fees, and permits— is about \$9 million for the four facilities.

**Chair Atkinson:**

I am trying to see how your fiscal note correlates with what Mr. Peterson said they are going to be doing. It sounds like the cost is going to burden them. I do not know what your note is.

**Mike Lawson:**

I am not familiar with the costs Mr. Peterson is suggesting that would be taken care of, but just for the scanning equipment, which is an additional \$25 million and we had not even considered as part of our cost estimate. I heard him say yes, they would recover the cost for that one piece of equipment, which would pay for itself through some measure of fines that would be generated from interdiction or whatever. But \$25 million...

**Chair Atkinson:**

I am sorry, I do not think that is the case and I am sorry to cut you off. I want to make sure we are all in the right place because it does not sound like your information is accurate. Mr. Peterson, would you come back up and explain it to us?

**Lon Peterson:**

Our plan was to purchase ten systems that would cover 20,000 trucks per day at a rate of \$7 per vehicle, which is not a large cost. This would generate \$140,000 per portal, \$140,000 a day, or over \$14 million per year.

**Chair Atkinson:**

That was what I was trying to get at.

**Assemblywoman Womack:**

My concern is when Hoover Dam is finished, it will create an increased traffic flow over that bridge of 20,000 trucks and vehicles a day coming into the urban areas of Henderson and Las Vegas. It will be a shortcut coming in from another area where there is a port. There will not be a port of entry to come through.

**Mike Lawson:**

Exactly. The Hoover Dam crossing would be one place where there is no port. Trucks could easily detour across that crossing without ever facing the inspection. Quite frankly, that is the point, to build four ports of entry when you have 37 points of ingress into the State is just diverting the problem.

**Kent Cooper, Assistant Director, Planning Division, Nevada Department of Transportation:**

I am unclear as you are. My understanding from Mr. Peterson's discussion is the 10 units, typically, would not involve the buildings. If you stop a truck, you need a place for further inspection. If it is agriculture, you will need holding facilities. We would be happy to meet with Mr. Peterson regarding our fiscal note.

**Assemblyman Ocegüera:**

I would like to address a couple of points. The 20-minute inspection versus a 6-second inspection was brought up. The inspection was for both safety and investigating for drugs, maybe not by the guidelines we have right now for level 1 or level 2, but we are catching both with that.

I appreciate Mr. Enos and Mr. Levine checking with their legal staff, but Mr. Chairman, I will also request, that since I went over this with our legal staff, if you could ask your legal staff what their opinion is, I believe it will be

different. There were some long discussions making sure we were within the constitutional limits. I am not looking to paint the trucking industry in a bad light; I think Mr. Enos and Mr. Levine represent the good portion of the folks we are talking about. As far as fees or inspection fees, they pay zero. However, when this technology was introduced in Kentucky, the trucking industry supported it. We were trying to make this a smaller question, but it is a bigger question because it involves homeland security. I am looking forward to working with NDOT and NHP, and I think we can come up with some kind of agreement. Their study idea eliminates our public, private partnership because the private company will not want to come in and study something if they are not going to make any profit.

Ms. Womack had a question about the bypass. Sure there are ways to bypass, but in the bill, Section 1, subsection 2(c), is the ability to do mobile stops around the State. We have not seen how this technology works, but we can do mobile stops.

Mr. Chairman, this is a policy committee, and it seems to me NDOT came in and tried to throw the wrench in with the fiscal issue and the scare that this is a lot of money. When I heard from the private industry, they were willing to bear a lot of that expense.

[Tom Greco, Regional Transportation Commission, submitted ([Exhibit J](#)) for the record.]

**Chair Atkinson:**

We are going to close the hearing on A.B. 374 and bring it back in a work session to come. We will now open the hearing on Assembly Bill 239.

**Assembly Bill 239: Requires a vehicle dealer to notify the buyer of a vehicle service contract if the provider of the vehicle service contract ceases doing business in this State. (BDR 43-971)**

**Assemblywoman Ellen Koivisto, Assembly District No. 14:**

I brought this bill because I was one of many people who purchased a car from a particular dealer, and with 36,010 miles, found out that I did not have an extended warranty I paid for up front. Since this bill came out, I have talked to many people and found out that the dealer does not keep a record of who buys extended warranties. Therefore, they are not in a position to inform the buyer when the service contract provider—insurer—goes out of business or absconds to the Cayman Islands with all the money. Consequently, the buyer is left holding the bag. I also learned this afternoon that this service contract industry is a national trade organization and is regulated by the Division of Insurance.

There is a breakdown somewhere between dealers or certain dealers who do not care whether the people they are doing business with are backed by a reputable insurance company or even that they are associated with an insurance company. Something needs to be done, and you will hear from some people who have ideas on how to fix this. It is really a consumer issue as much as a transportation issue.

**Assemblywoman Womack:**

I also had this happen to me. I had less than 20,000 miles on the car, had a problem, brought it back, and had to fight to get it covered by the insurance company. I favored this bill.

**Assemblyman Goedhart:**

It seems like in the auto industry if you use the big three or some of the bigger named companies, you do not have a problem. There is a temptation for the dealer to offer these off-the-rack warranty policies that are the cheapest. What is the cheapest is not always the best. Sometimes they have their actuaries underestimate how much the repairs are going to cost, and unfortunately the person who bought the warranty does not have it there when he needs it.

**Assemblywoman Koivisto:**

You are absolutely right. Consumers who are in the process of buying a new car are looking at the car and not the extended warranty. You assume if you are buying a Ford you are buying a warranty through Ford, or buying a GMC, a warranty through GMC, but that is not always the case.

[Chairman Atkinson left the room and turned the gavel over to Vice Chair Manendo.]

**Assemblyman Goicoechea:**

You found out today that a number of these warranties are regulated through the insurance board?

**Assemblywoman Koivisto:**

They are all supposed to be. The information I received today from the Service Contract Industry Council indicates that motor vehicle service contracts are currently regulated by the Nevada Division of Insurance.

**Vice Chair Manendo:**

Ms. Koivisto, do you have anyone else you wanted to bring up to speak?

**Assemblywoman Koivisto:**

No.

**Assemblyman Claborn:**

I ran into the same situation from a little different angle. A salesman was badgering me into buying a \$2,000 warranty. I told him no, and he told me I was not a smart man. I stood, tore up the contract, and went to another dealership. He lost out on a \$40,000 deal.

It seems like these automobile agencies have a separate situation here selling the warranty. Maybe they are tied in to making more money from the warranty than they are from the automobiles. That is a problem, and I commend you for bringing this bill forward.

**Assemblywoman Koivisto:**

Another item I learned today is that dealerships do make money off the extended warranties. They get a healthy commission.

**Vice Chair Manendo:**

Is there anyone wishing to speak in favor of, opposition to, or neutral on A.B. 239? [There was no response.] I will entertain a motion on A.B. 239. [Chairman Atkinson returned.]

ASSEMBLYMAN GOICOECHEA MOVED TO DO PASS  
ASSEMBLY BILL 239.

ASSEMBLYMAN CLABORN SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN GERHARDT  
WAS ABSENT FOR THE VOTE.)

I will take the bill on the Floor.

**Chair Atkinson:**

We will open the hearing on Assembly Bill 266.

**Robert Compan, Government Affairs Representative, Farmers Insurance Group:**

We lost the videoconference feed to Las Vegas where Robert Ellis from B & E Auto Auction and the Mayor of Henderson were to testify in favor of the bill.

**Chair Atkinson:**

We are trying to restore the feed back to Las Vegas. Until then, we will close A.B. 266 and open Assembly Bill 181.



**Assembly Bill 181: Revises provisions relating to the survey of labor rates charged by body shops. (BDR 43-456)**

**Assemblyman Mark Manendo, Assembly District No. 18:**

At the table is a colleague of mine at my paying job, Bob McCleary, who is also a volunteer Executive Director for the Nevada Collision Industry Association (NCIA), which has 87 members statewide. I bring forth A.B. 181 on behalf of that organization. To his left is Michael Spears, who is one of my bosses. He has been in the industry since 1977 and has a wealth of knowledge. We wanted to bring him to the table, as well, to talk about the needs of A.B. 181. He was also appointed to the Governor's Advisory Board on Automotive Affairs.

**Bob McCleary, Executive Director, Nevada Collision Industry Association (NCIA):**

The association has assigned me to give you the rationale for this bill. I would like to explain the auto body survey. Every year the Department of Insurance takes a survey of the 200 to 250 body shops in the State of Nevada to assess what the various repair rates are geographically. In late March 2006, we received our annual body shop survey in the mail with a March 10 deadline to return it. Many of the body shops threw the survey away because the deadline had passed. We contacted the Department of Insurance to find out why it was mailed out late. They said it was a problem with the state mail office, and it did not go out on time. They gave us an extension to mid-April and allowed NCIA to hand deliver these surveys to body shops.

This survey is important to our industry because it is used by the insurance companies as a gauge for what they are willing to pay us. We wanted this done to reflect the current rates. This survey was not posted until October 2006. We are looking for a better way to do this. We are concerned again because it is mid-March, and we have not seen the survey.

We saw a possibility for streamlining. One of the insurance companies, State Farm, does not use this survey. They have their own, and it is on their website. If you do business with them, you go to their website, plug in your pin number, and put in your rates. We thought something like that would be appropriate for us.

We were asked by Troy Dillard from the Department of Motor Vehicles (DMV), if we would mind changing the response time from the 90 days that we have listed in the bill to 60 days ([Exhibit K](#)) to correspond with the existing law. We did not have a problem with that.

**Michael Spears, Nevada Collision Industry Association, Henderson, Nevada:**

Assembly Bill 181 will help the State's mandated labor rates survey become more efficient and accurate by automating the process and requiring body shops to participate in the survey. This survey helps to establish a prevailing labor rate that is usual and customary for a given market area. This rate is also used in processing insurance claims for the average consumer. Under the current method it is all done by mail, with only a small percentage of them actually returned. This makes for a poor sampling in the marketplace. Surveys that are returned seemed to take forever to compile, as Mr. McCleary stated.

[Mr. Claborn left.]

During this time, friction between the shops, who changed their rates, and the insurance companies, who were using the outdated surveys, escalated with the consumer in the middle. Many customers were paying out-of-pocket to cover the difference in these rates. If the survey had been released in a timely manner, that would not have happened. This bill provides for the survey information to be readily available on the DMV website. The collision industry believes the DMV is the proper place to regulate this since it is the agency which issues our licenses, and tying this to the license renewal will help ensure that the requirements are met. An added benefit to this bill will be the ability for anyone to confirm validity of a shop license or the lack thereof, as the case may be.

**Assemblyman Goicoechea:**

Are your business licenses all renewed at the same time?

**Michael Spears:**

Yes, those licenses are annually renewed and expire on April 30 every year for everyone.

**Assemblyman Goicoechea:**

This means 60 days prior to that everyone would get the form, fill it out, and send it back in?

**Michael Spears:**

That is correct.

**Assemblyman Manendo:**

When these surveys failed to go out on time and shops were throwing them away, we physically went around to as many shops as we could in southern

Nevada to make sure they had an extra copy. It is so important to everyone, including the consumers, that this information be given. We hope by doing this online, as Mr. Spears mentioned, anyone can look.

**Assemblyman Goedhart:**

When you fill out the labor rate form, is that the primary source of information the insurance companies use to set the labor rates and to reimburse the body shops?

**Assemblyman Manendo:**

Yes.

**Assemblyman Goedhart:**

In gathering data, would it be a temptation, perhaps, when filling out those forms to overstate the labor rate so the average would be higher and the reimbursement would be higher? Do they cross-check that information somehow?

**Assemblyman Manendo:**

I do not know.

**Assemblyman Goedhart:**

They must cross-check it somehow; otherwise, everyone would say they pay their help \$100 per hour and that is what they need.

**Assemblyman Manendo:**

The NCIA is very reputable and would frown on those who would do that. That is one of the reasons the organization was formed.

**Robert Compan:**

I have submitted a proposed amendment ([Exhibit L](#)) regarding A.B. 181. This may answer some of the concerns of Assemblyman Goedhart regarding possible antitrust violations. On the proposed amendment under Section 1, line 15, it says " ...available to the public on-line no less than 30 days..." rather than 48 hours. Mr. Dillard from the DMV has some other suggested language that will coincide with the language relating to this survey and the renewal of licensing.

**Assemblyman Goedhart:**

About how the rates are determined?

**Robert Compan:**

Yes, if you go to page 2, line 26 of the suggested amendment, it says "prevailing labor rate." The original bill draft language said "...most commonly occurring labor rate charged by body shops in a specific geographic area...." In our suggested amendment "prevailing labor rate" would mean the average rate compiled from each labor category reported in the survey. This will take the average. For example, if only three people responded to the survey, in the original language that would be the prevailing labor rate. This is averaged based on the current labor rates set within the State.

**Assemblyman Hogan:**

The average labor rate would be essentially a statewide average rather than regional?

**Robert Compan:**

It would be set on a geographical area. Line 26 on page 2, reads, "As used in this section, 'prevailing labor rate' means the average rate compiled from each labor category reported in the survey in a specific geographic area." In Washoe County, in northern Nevada, it would be different from southern Nevada. We went to each labor category, specifically, because in body shops they do different labor rates for frame repair, mechanical work, and paint and paint materials.

When I spoke with Mr. Dillard, it was suggested that our language "the no less than 30 days" is addressing concerns regarding antitrust. I am not sure if it would be workable with the language in the statute regarding the actual renewal of licensing.

**Jim Norris, representing Nevada Collision Industry Association:**

I am here to add support for this bill.

**Troy Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles (DMV):**

The bill comes with a fiscal note which is for a one-time programming cost associated with tying this to the Internet. The amendment that Mr. McCleary proposed, switching to 60 days, would coincide with our renewal period. When we send the renewal notices out to the body shops, we already provide each shop with a pass code to log in with their license number along with and a specific code that ties into that particular body shop. This will prevent unnecessary mailing and ties the survey to the renewal. Once the survey is

completed electronically, it goes into this system and allows the shop to renew his body shop license. This goes along with what Mr. Spears testified to, getting 100 percent compliance to complete this survey if you are a licensee. That was the amendment we referred to.

As Mr. Compan just testified, we have some suggested language regarding his amendment indicating 30 days. It would work best for us if we indicated that those survey results were posted within 30 days after the close of the renewal period, which effectively is May 1. All of the body shops would have had to renew by April 30, the data would be there, and we would be able to post it on the Internet immediately after compiling that data.

**Chair Atkinson:**

We are trying to figure out the fiscal note you mentioned. I do not see it, where did that come from? Did you submit it to the Legislative Counsel Bureau (LCB)?

**Troy Dillard:**

Yes, it was submitted to the LCB. The fiscal note is for \$37,800. It is nothing but programming hours associated with programming for the web application.

**Chair Atkinson:**

Could you explain that to us? I know it was explained to me in my office, but it would be beneficial for the Committee to understand you are putting a fiscal note on that just for programming hours.

**Troy Dillard:**

Any of the bills that impact our Information Technology (IT) systems go to our IT managers. They determine exactly how much time it is going to take for the design, programming, testing, and implementation and then come up with a total number of hours it will take to do the task. Our fiscal notes are coming in at a contract price for programmers, which is \$135 per hour. Certain functions have already been funded for our existing programmers to perform. There are thousands of hours of programming that they already have before them, and each of the bills coming forward adds additional hours to them. That is why they come over with the contract.

**Chair Atkinson:**

You are saying the fiscal note is a one-time programming cost to set it up?

**Troy Dillard:**

That is correct.

**Chair Atkinson:**

This is not for new employee; this is for existing staff. This is additional work you are going to add to them?

**Troy Dillard:**

The manner in which the fiscal note is submitted is for a contract programmer. We would go out and contract with somebody from an outside facility with the skills necessary to accomplish this particular set of programming.

**Chair Atkinson:**

It would not be existing staff?

**Troy Dillard:**

No. It would be a contract...

**Chair Atkinson:**

It will not be for existing staff? Will you have someone with expertise in this area to do it?

**Troy Dillard:**

That is correct, with a qualifier. Mr. Chairman, it is my understanding with the hundreds of bills that affect the Department, there are many, many hours of programming. Toward the end of the session, the LCB takes a look at the number of hours of programming and what are "one-shots" like this particular bill would be, and what might constitute ongoing needs. The LCB determines whether or not additional programming staff needs to be added to the Department to handle those needs. If that is the case, the \$135 per hour would be reduced to whatever the rate of a programmer would be for the State, which is much less. This is a one-shot and would be strictly a contract programmer.

**Chair Atkinson:**

I know the DMV will make sure of what needs to be programmed and what costs will be associated with the bill. It is not fair to put a fiscal note on someone's bill unless you know the cost for sure.

**Troy Dillard:**

Certainly.

**Assemblyman Manendo:**

You said LCB looks at all the hours later on; do they report back to the Finance Committee? How does that work?

**Troy Dillard:**

My testimony is the extent of my knowledge regarding how it works.

**Assemblyman Manendo:**

They report back to either the Interim Finance Committee or some kind of audit that is given out to the Legislative Commission. If those hours come in under the estimate, could they be absorbed through what you are going to get out of this session? If not, at that point maybe we could make a pitch to the Interim Finance Committee that we ran short of hours. We have a list of needs, and this is included in the list. I would hate to slow down the progress of the legislation in the Ways and Means Committee if we are not sure whether we are going to need those extra hours, depending on what happens with your budget.

**Troy Dillard:**

The issue is that the existing staff cannot handle all the programming hours. They cannot take on all the additional responsibilities. You are aware of the need to justify every position that we get and what the requirements are. Those individuals are already fully loaded with a long waiting list of projects that need to be accomplished to maintain existing programs and systems without expanding into additional new areas. The answer is you can prioritize projects and pass legislation, which is not programmed for a long time down the road, but I am not sure who will set those types of priorities. To accomplish this project, the fiscal note is what it is going to take, 200-plus hours of programming to get this done.

**Chair Atkinson:**

I understand the DMV's side to it. We pass a lot of legislation that affects the DMV with their programming and planning for other things. If we give them more things to do with existing staff, I know it is a challenge.

**Assemblyman Manendo:**

When you need to contract out, how often do you do it?

**Troy Dillard:**

I cannot answer that question. I do not know how much contracting out IT does. Through my division, we have contracted out for projects that needed a lot of front-end work because we did not have enough staff to accomplish it and kept the maintenance staff to maintain those programs. I have one of those programmers working for me today through a contract. From a department perspective, I cannot answer that.

**Chair Atkinson:**

We will close A.B. 181 and open Assembly Bill 266.

**Assembly Bill 266: Makes various changes to provisions relating to salvage vehicles. (BDR 43-909)**

**Robert Compan, Government Affairs Representative, Farmers Insurance Group:**

I am here in support of Assembly Bill 266. Our industry will be able to dispose of automobile total loss salvage in a timely manner with this bill. This allows an avenue in the *Nevada Revised Statutes*, enabling us to forego all obstacles which are inherent in the current statutes. The bill will allow us to apply for a salvage title or a nonrepairable salvage title if the owner of the motor vehicle, who is relinquishing ownership, does not provide the endorsed certificate of title or ownership of the vehicle within 30 days. Within 30 days of acceptance of the settlement we will, within a reasonable time frame, forward the application for salvage title or nonrepairable title to the Department of Motor Vehicles (DMV).

This Legislature passed Senate Bill 175 of the 73rd Session, which in theory should have addressed this problem. However, we continue to experience problems since we have "stale-dated" vehicles sitting in our salvage pools both in north and south Nevada. We are required within statute to execute settlement based on the Nevada Unfair Claims Practices Act within a certain amount of time, thus relinquishing us from holding some of them contingent on execution of the titled documents. Both in northern and southern Nevada, storage fees are premium because of the real estate the facilities sit on. In southern Nevada that piece of real estate is collecting \$25 a day for a 10-foot by 15-foot lot, depending on where the salvage pool is located. Assembly Bill 266 will not only allow us to dispose of salvage we already have executed payment on, but also will reduce the amount of storage accrued on these vehicles; thus, the benefit is less cost to us and our customers.

We have added in Section 2, subsection 2, of the amendment ([Exhibit M](#)), after salvage title, "or a nonrepairable title". A nonrepairable title is a vehicle that has absolutely no salvage value at all. It is not going to be for sale, but we still have to title them and dispose of them properly to either a salvage buyer or a crusher. In the original draft, we specified at least two attempts by U.S. mail or certified mail. Mayor Gibson from Henderson suggested that, legally, it would be best if we went with two certified mail attempts to locate the owner. We also wanted to add in there—I do not know if it would fit in statutes—using a commercial carrier with a tracking number. As we know, U.S. mail is not the only method of mailing. We would like to add that to statute and wanted to ask for some guidance by the Legislative Counsel Bureau (LCB) to decide how to put it into statute.



**Jack Jeffrey, representing B & E Auto Auction, Henderson, Nevada:**

I do not have a lot to add. If you look at the last paragraph in the Legislative Counsel's Digest on Page 1 of the bill, it says "...if an endorsed title is not available, any applicant may apply to the Department for a salvage title...." Then it goes through the circumstances. I am told by Mayor Gibson, and my understanding is, the DMV is not accepting the Statement of Facts—that is what this language comes to—anymore after January 1, nor are they allowing the salvage pool to run the lien sale on the insured car. Effectively, there is no way to get rid of these cars if the owner has not signed off on them. Mayor Gibson did say that both those mailings should be certified. If the insurance companies are required to do two mailings, they should be able to prove they have done that before the salvage title is issued.

Mr. Ellis' operation handles about 30,000 car totals a year and has problems with at least 20 percent of those. It takes up a lot of space, costs everyone money, and is not an efficient way to run an operation. Because of those problems, we have asked that an amendment be placed on this bill and made effective on passage. It is important that we start this process.

**Chair Atkinson:**

Mr. Jeffrey, make sure you get us your amendment in writing. Currently, the law allows us to get salvage titles, and what is the time span?

**Jack Jeffrey:**

What the bill's Legislative Counsel's Digest says is:

...any applicant may apply to the Department for a salvage title. The Department may examine the circumstances and review affidavits or other information and, if satisfied the applicant is entitled to a salvage title, issue the salvage title.

There are no time constraints as far as I am aware. It can be several months before this process is complete.

**Chair Atkinson:**

We are trying to clean that up so there is more of a defined time to get titles straight?

**Jack Jeffrey:**

I would like to emphasize what we are talking about here is cars. Settlement has been made, you can prove it has been made, and everything is good to go.

**Chair Atkinson:**

That is what I was trying to make clear.

**Assemblyman Goicoechea:**

I need an explanation on your amendment, Section 1, subsection 2(b) ([Exhibit M](#)). Are you saying that the application and documentation can be signed by a police officer, dealer, rebuilder, automobile wrecker, salvage pool, or garage man? Please clarify exactly what you mean by that statement. All six of these people can sign in lieu of a Department agent?

**Jack Jeffrey:**

That is correct. They have to be authorized agents through the DMV and must to go through strict federal background checks to do this. The DMV would not have the staff to go out and inspect these vehicles and get them in a timely manner.

**Martha Barnes, Administrator, Central Services and Records Division,  
Department of Motor Vehicles:**

We looked at existing statutes under the lien holder laws and tried to mirror this so it was consistent. We took the language from the same statute to make it coincide.

**Assemblyman Goicoechea:**

You would take specific garage men, auto wreckers, or whomever and authorize them to be agents for the Department and sign off the inspection certificate?

**Martha Barnes:**

Yes, we would.

We have worked with B & E Auto and others. Last session the salvage title information went into effect, and we were required to turn around these salvage titles within two days. We have done that, and in order to make it easier because we were having problems with the mail, we put printers in our Henderson and Reno offices so they could get those titles the next day. We have tried to work with them as much as we can to get to where everyone is on the same page.

**Jack Jeffrey:**

Mr. Ellis has worked with the DMV for 16 years and the cooperation level has been high. The problems have been with the law and not the DMV.

[Michael Geeser, Government Affairs, American Automobile Association Nevada submitted a letter in support of A.B. 266 ([Exhibit N](#)) for the record.]

**Chair Atkinson:**

We will close the hearing on A.B. 266 and we have three Bill Draft Resolutions (BDRs) to introduce.

**BDR 57-452**—Makes various changes relating to casualty insurance for motor vehicles. (Later introduced as [Assembly Bill 492](#).)

ASSEMBLYMAN CLABORN MOVED FOR COMMITTEE  
INTRODUCTION OF BDR 57-452.

ASSEMBLYWOMAN WOMACK SECONDED THE MOTION.

THE MOTION PASSED (ASSEMBLYWOMAN GERHARDT, AND  
ASSEMBLYMEN CARPENTER AND COBB WERE ABSENT FOR THE  
VOTE.)

\* \* \* \* \*

**BDR 43-1394**—Revises provisions relating to studded tires. (Later introduced as [Assembly Bill 493](#).)

ASSEMBLYMAN CLABORN MOVED FOR COMMITTEE  
INTRODUCTION OF BDR 43-1394.

ASSEMBLYWOMAN WOMACK SECONDED THE MOTION.

THE MOTION PASSED (ASSEMBLYWOMAN GERHARDT, AND  
ASSEMBLYMEN CARPENTER AND COBB WERE ABSENT FOR THE  
VOTE.)

\* \* \* \* \*

**BDR 43-642**—Makes various changes to provisions governing driver's licenses and public safety. (Later introduced as [Assembly Bill 497](#).)

ASSEMBLYMAN CLABORN MOVED FOR COMMITTEE  
INTRODUCTION OF BDR 43-642.

ASSEMBLYWOMAN WOMACK SECONDED THE MOTION.

THE MOTION PASSED (ASSEMBLYWOMAN GERHARDT, AND  
ASSEMBLYMEN CARPENTER AND COBB WERE ABSENT  
FOR THE VOTE.)

The meeting is adjourned [at 4:16 p.m.]

RESPECTFULLY SUBMITTED:

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Christine Henricksen  
Committee Secretary

APPROVED BY:

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Assemblyman Kelvin Atkinson, Chair

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

**EXHIBITS**

**Committee Name:** Committee on Transportation

**Date:** March 22, 2007

**Time of Meeting:** 1:30 p.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
A.B. 374	C	Assemblyman Ocegüera Assembly District No. 16	Prepared text
A.B. 374	D	Assemblyman Ocegüera	ISSES/handout
A.B. 374	E	Assemblyman Ocegüera	Letter from Kentucky Transport Cabinet
A.B. 374	F	Assemblyman Ocegüera	Press release from West Virginia
A.B. 374	G	Assemblyman Ocegüera	Handout
A.B. 374	H	Lon Peterson, President CEO Asysco Technology	PowerPoint Presentation
A.B. 374	I	Mike Lawson, Traffic Information Chief, NDOT	Prepared Text
A.B. 374	J	Tom Greco, Regional Transportation Commission	Article from American Society of Civil Engineers and Pamphlet
A.B. 181	K	Bob McCleary, Executive Director Nevada Collision Industry Association	Amendment
A.B. 181	L	Robert Compan, Farmers Insurance	Amendment
A.B. 266	M	Robert Compan, Farmers Insurance	Amendment
A.B. 266	N	Michael Geeser, AAA	Letter in Support