

**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-Fourth Session
April 12, 2007**

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 by Chair Dean A. Rhoads at 8:15 a.m., on Thursday, April 12, 2007, in Room 2134 of the Legislative Building, 401 South Carson Street, Carson City, 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/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

SENATE COMMITTEE MEMBERS PRESENT:

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

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman David R. Parks, Chair
Assemblyman Tom Grady
Assemblyman Joseph Hogan
Assemblywoman Ellen Koivisto
Assemblywoman Kathy McClain
Assemblywoman Valerie E. Weber

STAFF MEMBERS PRESENT:

Steve Abba, Principal Deputy Fiscal Analyst
Larry Peri, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Robin Hager, Program Analyst
Anne Bowen, Committee Secretary
Patricia Adams, Committee Assistant



Chairman Rhoads called the meeting to order.

DEPARTMENT OF MOTOR VEHICLES
HEARINGS
BUDGET ACCOUNT 201-4732

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated the Subcommittee had not held a hearing on BA 4732, and there were no major closing issues.

Ms. Hager stated there were three other items to consider in BA 4732. Enhancement unit 250 (E250) recommended \$5,477 in Highway Fund appropriations each year of the 2007-09 biennium to fund additional travel for hearings held throughout Nevada. Ms. Hager said approval of the decision unit would allow one administrative law judge in Elko to travel every other month to counties in which there was no office for administrative hearings. Ms. Hager said the recommendation appeared to be reasonable, and LCB staff recommended approval of E250.

Enhancement unit 715 (E715) recommended \$13,000 in Highway Fund appropriations in FY 2007-08 and \$14,506 in Highway Fund appropriations in FY 2008-09 to replace computer software and hardware. Staff had made technical adjustments to eliminate funding for duplicate computer monitors and other computer hardware and software. Ms. Hager said staff sought approval to make technical adjustments for revised computer hardware and software pricing from the Purchasing Division.

Ms. Hager said E720 recommended \$800 in Highway Fund appropriations in FY 2007-08 for a new fax machine in the Elko office, and the request appeared reasonable to staff.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 4732
AS RECOMMENDED BY STAFF, AND AUTHORIZE STAFF TO
MAKE TECHNICAL ADJUSTMENTS FOR REVISED COMPUTER
HARDWARE AND SOFTWARE PRICING FROM THE PURCHASING
DIVISION.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Weber was not present
for the vote.)

* * * * *

DEPARTMENT OF MOTOR VEHICLES
VERIFICATION OF INSURANCE
BUDGET ACCOUNT (201-4731)

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated there was one major closing issue in BA 4731. The Governor recommended approximately \$30,000 in FY 2008 and \$44,000 in FY 2009 for a new insurance verification program technician. Ms. Hager said the figures quoted were for the salary cost. There was also an increase in postage costs because the technician position would permit the mailing of more insurance verification cards. Currently, the Department of Motor Vehicles mailed 1,100 cards per day and wanted to increase that figure by 300 per day

for a total of 1,400 cards per day. Ms. Hager noted postage costs would increase, and in the original Governor's recommended budget, there was approximately \$440,000 in FY 2008 and \$587,000 in FY 2009 budgeted for the increased postage for the additional 300 cards. Through investigation, staff had determined postage costs were overstated in The Executive Budget by approximately \$260,000 in FY 2008 and \$347,000 in FY 2009. Staff had made a technical adjustment to reduce the postage expenses, according to Ms. Hager, bringing the total funding required for the new position to approximately \$211,000 in FY 2008 and \$284,000 in FY 2009. The postage expense was higher in FY 2008-09 because the new technician had a budgeted start date of October 1, 2007, and would only work nine months during FY 2007-08. Ms. Hager said staff had no issues with the new position.

Ms. Hager said decision unit E710 recommended \$9,635 in FY 2008 and approximately \$2,000 in FY 2009 to replace 10 secretarial chairs, 14 phone headsets, and 21 barcode scanners. The agency stated it needed the new barcode scanners that were able to read 2D barcodes. Staff had reviewed the recommendation and it appeared reasonable.

Enhancement unit 715 (E715) recommended funding of approximately \$26,000 in FY 2008 and approximately \$26,000 in FY 2009 for computer hardware and software replacement. Ms. Hager said the replacement kept pace with the 25 percent replacement schedule developed by the Department of Information Technology (DoIT). Staff made technical adjustments of approximately \$5,400 over the 2007-09 biennium to eliminate duplicate computer monitors and remove computer software. Ms. Hager said staff had also reduced funding for printers by approximately \$13,000 over the biennium, as the agency determined it could operate with more economical printers. Staff sought approval to make technical adjustments for revised computer hardware and software pricing from the Purchasing Division.

Chairman Rhoads asked how the agency made such a large mistake calculating the postage. Ms. Hager replied that instead of adding the increased cost for 300 cards per day, the agency had budgeted for the entire 1,400 cards mailed each day.

ASSEMBLYMAN PARKS MOVED TO CLOSE BUDGET
ACCOUNT 4731 AS RECOMMENDED BY STAFF AND AUTHORIZE
STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR REVISED
COMPUTER HARDWARE AND SOFTWARE PRICING FROM THE
PURCHASING DIVISION.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Weber was not present
for the vote.)

* * * * *

DEPARTMENT OF MOTOR VEHICLES
RECORDS SEARCH
BUDGET ACCOUNT 201-4711

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated there were no major closing issues in BA 4711.

Ms. Hager said decision unit E275 recommended \$525 each year of the 2007-09 biennium to purchase expansion modules for the existing telephone system. Staff recommended approval of E275 as the request appeared reasonable.

Decision unit E710 recommended approximately \$1,200 in FY 2008 and \$925 in FY 2009 to replace ten secretarial chairs and heavy duty binders. Staff had reviewed the recommendation and found the request to be reasonable. Ms. Hager said staff recommended approval of E710.

Ms. Hager said decision unit E715 recommended approximately \$24,000 in FY 2008 and \$23,770 in FY 2009 for computer hardware and software replacement. Staff made technical adjustments of \$2,740 over the biennium to eliminate duplicate computer monitors and computer software.

Enhancement unit E720 (E720) recommended \$1,231 over the 2007-09 biennium to purchase 19 gel mouse pads and 3 electric staplers. Ms. Hager noted staff had made a technical adjustment to eliminate funding of \$284 in FY 2008 for 19 dry erase message boards. Staff recommended approval of decision unit E720.

ASSEMBLYMAN PARKS MOVED TO CLOSE BUDGET ACCOUNT 4711 AS RECOMMENDED BY STAFF AND AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS FOR REVISED COMPUTER HARDWARE AND SOFTWARE PRICING FROM THE PURCHASING DIVISION.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION PASSED. (Senator Titus and Assemblywoman Weber were not present for the vote.)

DEPARTMENT OF MOTOR VEHICLES
MOTOR CARRIER
BUDGET ACCOUNT 210-4717

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated BA 4717 contained a decrease to Highway Funds based on Administration A and B fees, which were county fuel tax collection reimbursement fees.

Ms. Hager said there was one major closing issue in BA 4717, a new revenue officer position. The Governor recommended approximately \$46,000 in FY 2008 and \$58,642 in FY 2009 to fund a lead revenue officer position. The agency believed the additional revenue officer would reduce the number of delinquent accounts and enhance collections, as well as perform supervisory functions. There were four existing revenue officers and an administrative assistant in the Motor Carrier Division. Ms. Hager said information provided by the agency in support of the position showed the total number of licensing and fuel tax user accounts within the Motor Carrier Division had increased. As of FY 2006, there were 2,993 delinquent accounts, and of those accounts, the Division had been able to work on 1,421 accounts. Ms. Hager said 1,572 accounts remained unworked, with an uncollected balance of approximately \$2.9 million. Of the 1,421 accounts that were worked on in

2006, the four revenue officers were able to collect approximately \$2.6 million. Ms. Hager asked the Subcommittee to note that as of April 6, 2007, there were 427 accounts that were more than 120 days past due, totaling \$500,954. Ms. Hager said in a previous hearing it had been questioned why the agency did not utilize the Controller's Office to assist with delinquent accounts. The Controller's Office collected debt for delinquent payroll and the Debt Offset Program, but it did not have a budget to enable pursuit of other State agency collections. Ms. Hager explained if the Department of Motor Vehicles (DMV) turned delinquent accounts over to the Controller's Office, the Controller's Office would then turn the accounts over to the collections agency, Outsourcing Solutions, Inc. (OSI). The DMV did not consider that a cost-effective solution because OSI was allowed to retain a percentage of the debt collected. Also, according to Ms. Hager, OSI did not handle bankruptcies or contested assessments.

Technical adjustments of \$2,123 over the 2007-09 biennium had been made to eliminate a duplicate computer monitor, remove computer software, and reduce the funding for the printer for the new position. Ms. Hager stated that based on information provided by the Division, it appeared the new position would be utilized to reduce delinquencies, generate additional revenue, and provide supervision to the revenue team.

Ms. Hager explained that decision unit E710 recommended Highway Fund authorization of \$6,494 in FY 2008 to replace the Division's Genicom Printer that was used to print registration invoices and credentials, special fuel use tax returns and licenses, delinquency reports, and daily activity reports. The Genicom Printer had a life expectancy of three years, and the last one was purchased in 2005. Ms. Hager said staff had reviewed the recommendation and it appeared reasonable.

Decision unit E710 recommended Highway Fund authorizations in the amount of \$59,322 in FY 2008 and \$59,682 in FY 2009 for computer hardware and software replacement. Ms. Hager noted staff made technical adjustments to reduce funding by \$17,344 over the 2007-09 biennium to eliminate duplicate computer monitors and remove computer software. Staff also reduced funding for printers by \$8,556 over the biennium as the agency determined it could operate with more economical printers. Staff sought approval to make additional technical adjustments for revised computer hardware and software pricing from the Purchasing Division.

Assemblyman Parks asked whether there was an issue concerning timeliness in pursuing delinquent accounts. Ms. Hager said she did not believe that was an issue because the agency had the ability to issue liens as well as other means available to collect delinquencies.

Chairman Rhoads asked for an explanation of a Genicom Printer. Ms. Hager replied it was a specific type of printer used for DMV functions.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 4717
AS RECOMMENDED BY THE GOVERNOR WITH ADJUSTMENTS
TO ENHANCEMENT UNIT 715 AS RECOMMENDED BY STAFF
AND AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS
FOR REVISED COMPUTER HARDWARE AND SOFTWARE PRICING
FROM THE PURCHASING DIVISION.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Weber was not present for the vote.)

* * * * *

DEPARTMENT OF PUBLIC SAFETY
JUSTICE ASSISTANCE ACT
BUDGET ACCOUNT 101-4708

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), noted that BA 4708 was a pass-through account for federal grant funds for the Justice Assistance Act. Ms. Hager said there were no significant closing issues for BA 4708.

Technical adjustments had been made to eliminate funding from the federal Violent Offender Incarceration and Truth-in-Sentencing Incentive (VOI-TIS) Grant which no longer existed, according to Ms. Hager.

Ms. Hager commented that staff had made technical adjustments to reduce the federal funding levels of the Justice Assistance Grants (JAG) and the Residential Substance Abuse Treatment (RSAT) Grant based on FY 2006-07 grant authority levels.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 4708
AS RECOMMENDED BY STAFF.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED. (Assemblywoman Weber was not present for the vote.)

* * * * *

PUBLIC SAFETY
JUSTICE GRANT
BUDGET ACCOUNT 101-4736

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), pointed out to the Subcommittee that in the adjustments to revenue, those adjustments were made to properly allocate the General Fund and federal funds in BA 4736. Ms. Hager said the account contained 25 percent General Funds and 75 percent federal funds.

Ms. Hager stated the major closing issue in BA 4736 was the elimination of two program officer positions. The account was funded through administrative allocations from federal Department of Justice grants. Ms. Hager said the most significant grants were Justice Assistance Grant (JAG) and the Residential Substance Abuse Treatment (RSAT) grants, which had decreased approximately \$1.1 million and \$303,045, respectively. According to information supplied to staff, five positions in BA 4736 were supported with General Funds of 25 percent and federal funds of 75 percent. Ms. Hager said the two program officer positions were funded 100 percent with federal funds. The grant funds that supported the two program officer positions were no longer available; therefore, the Governor had recommended the elimination of one program

officer position in Enhancement Unit 250 (E250). Ms. Hager stated that staff had no concerns with the recommendation.

Based upon further review by staff, it appeared as though the funding for the second program officer position was insufficient to support it, and staff recommended the position be eliminated from the budget. Ms. Hager said if approved, a reduction of federal funds totaling \$71,001 in FY 2008 and \$74,560 in FY 2009 would result.

Ms. Hager explained in other closing items, BA 4736 was responsible for administering 1033 and 1122 federal programs, which allowed state and local agencies to purchase surplus federal property. Ms. Hager said an assessment fee of 4 percent was charged on the total purchase price of the surplus property up to a maximum of \$1,500, through BA 4736. Enhancement unit 325 (E325) recommended an increase in assessment fees of \$3,969 each year of the 2007-09 biennium for additional out-of-state travel for continued staff education on the 1033 and 1122 federal surplus property programs. Ms. Hager said the recommendation appeared to be reasonable, and staff recommended approval of E325.

Ms. Hager said staff sought approval to make adjustments to decision units M801, M802, E801 and E802 based upon final approval of the budget accounts for the Public Safety Technology Division, Administrative Division, and the Director's Office.

Assemblyman Parks asked whether other departments were allowed access to the 1033 and 1122 federal surplus property programs. Ms. Hager replied that the programs were exclusively for law enforcement participation.

Mr. Parks asked whether the Department of Motor Vehicles (DMV) was the cognizant agency that handled the federal surplus property programs.

Mark Krmpotic, Senior Program Analyst, Fiscal Analysis Division, (LCB), replied that the Department of Public Safety was the agency that administered the program, not the DMV. Mr. Krmpotic said the program was accessible by all law enforcement agencies within Nevada. In the past staff had perused activity reports showing purchases from the Washoe County Sheriff's Department and the Department of Wildlife. Mr. Krmpotic said DMV would be able to access the program to the extent that it related to the law enforcement function within compliance enforcement. Any state agency that wanted to purchase surplus property would require a budgetary approval to do so, according to Mr. Krmpotic.

ASSEMBLYMAN PARKS MOVED TO CLOSE BUDGET ACCOUNT 4736 WITH THE ELIMINATION OF TWO PROGRAM OFFICER POSITIONS AND TECHNICAL ADJUSTMENTS AS RECOMMENDED BY STAFF AS NECESSARY.

SENATOR BEERS SECONDED THE MOTION.

THE MOTION PASSED. (Senator Titus and Assemblywoman Weber were not present for the vote.)

* * * * *

DEPARTMENT OF PUBLIC SAFETY
TRAFFIC SAFETY
BUDGET ACCOUNT 101-4687

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated BA 4687 was a pass-through account for federal grants. Ms. Hager said staff sought approval to make technical adjustments that could be necessary based on the final approval of the budget account for BA 4688, Highway Safety Planning and Administration. There were no major closing issues.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 4687
AS RECOMMENDED BY STAFF AND AUTHORIZED STAFF TO
MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION PASSED. (Senator Titus and Assemblywoman Weber
were not present for the vote.)

* * * * *

DEPARTMENT OF PUBLIC SAFETY
HIGHWAY SAFETY PLAN AND ADMINISTRATION
BUDGET ACCOUNT 101-4688

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), explained to the Subcommittee there were many adjustments to the revenue in BA 4688 because the Highway Funds and federal funds were not properly allocated. Staff found it necessary to make adjustments to all of the grants, as well as Highway Funds, to ensure the funding allocations were correct.

Ms. Hager stated there were no major closing issues in BA 4688; however several adjustments had been made to federal grants.

Decision unit M504 recommended Highway Fund appropriations of \$30,000 each year of the 2007-09 biennium to fund a contractor to manage the state's Family Vehicle Safety Program, which was being administered by a position in BA 4688. Ms. Hager said the new contract position would be responsible for maintaining a list of qualified individuals that would conduct training programs and perform inspections of child restraint systems, as well as coordinating training classes. According to statute, the Department of Public Safety had the responsibility for maintaining the list; however, the funding recommended in the budget funded duties which exceeded the requirements under statute, according to Ms. Hager. Staff recommended elimination of funding for M504 with the agency staff performing duties required under statute.

Ms. Hager stated decision unit E710 recommended \$12,676 in FY 2008 for the replacement of two desktop computers, three laptops, and computer software based on the state's 25 percent replacement policy. Staff made a technical adjustment to FY 2008-09 to eliminate funding for a duplicate replacement monitor.

Enhancement unit 806 (E806) recommended \$7,226 in FY 2008 and \$7,518 in FY 2009 to increase the Division administrator's salary to address a compaction

issue. Ms. Hager said the compaction issue existed because an information systems specialist (ISS) position was in BA 4688. Staff recommended the ISS position be transferred to BA 4733, Technology Division, which would eliminate the compaction issue and in turn eliminate the funding in E806. Staff sought approval to make technical adjustments in decision units M801, M802, E801, and E802 based on final approval of the budget accounts for the Public Safety Technology Division, Administrative Services Division, and the Director's Office.

SENATOR BEERS MOVED TO CLOSE BUDGET ACCOUNT 4688 AS RECOMMENDED BY STAFF WITH THE ELIMINATION OF FUNDING FOR THE CONTRACT POSITION IN DECISION UNIT M504 AND AUTHORIZED STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN PARKS SECONDED THE MOTION.

THE MOTION PASSED. (Senator Titus and Assemblywoman Weber were not present for the vote.)

* * * * *

DEPARTMENT OF PUBLIC SAFETY
BICYCLE SAFETY PROGRAM
BUDGET ACCOUNT 201-4689

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated there were no major closing issues in BA 4689. Staff recommended BA 4689 be closed as recommended by the Governor with technical adjustments.

Ms. Hager said technical adjustments included an increase in Bicycle Safety fees by \$11,202 in FY 2008-09 and \$16,783 in FY 2008-09 based on projections made by the Department of Motor Vehicles (DMV).

Enhancement unit 710 (E710) recommended the replacement of a laptop computer and software totaling \$2,926 in FY 2007-08. According to Ms. Hager, staff sought approval to make technical adjustments as necessary to cost allocations based on the closing of other budget accounts in the Department.

Assemblywoman McClain asked what duties the driver's education and safety officer performed. Ms. Hager replied that the officer provided safety programs for schools and conducted classes for law enforcement officers, teachers, and community volunteers. Ms. Hager explained that a 50-cent fee was charged on each driver's license and the Bicycle Safety Program received approximately 65 percent of the fee.

ASSEMBLYMAN PARKS MOVED TO CLOSE BUDGET ACCOUNT 4689 AS RECOMMENDED BY STAFF AND AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MCCLAIN SECONDED THE MOTION.

THE MOTION PASSED WITH ASSEMBLYWOMAN MCCLAIN AND ASSEMBLYWOMAN KOIVISTO VOTING NO. (Senator Titus and Assemblywoman Weber were not present for the vote.)

* * * * *

DEPARTMENT OF PUBLIC SAFETY
MOTORCYCLE SAFETY PROGRAM
BUDGET ACCOUNT 201-4691

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated there were no major closing issues in BA 4691. Ms. Hager said technical adjustments had been made to adjust the federal funding to match a federal grant received by BA 4691 in the amount of \$100,000. The grant had been placed in the base budget; staff had made technical adjustments to remove the funds from the base and created a separate reserve to offset any purchases against those federal funds.

Decision unit E251 recommended the authority to utilize \$13,550 of the new Motorcycle Safety Federal Grant funding for travel to meetings and conferences that would provide knowledge and ideas for the development of new motorcycle safety programs. Ms. Hager said staff recommended approval of E251.

Ms. Hager explained decision unit E710 recommended replacement equipment totaling \$121,022 and FY 2008 and \$73,224 in FY 2009. The items to be replaced in FY 2008 included 20 motorcycles and a new fifth-wheel mobile classroom with accessories to provide motorcycle safety training. In FY 2009, 20 motorcycles and a new laptop computer were scheduled for replacement, according to Ms. Hager. Staff had made a technical adjustment to FY 2009 to eliminate funding for an additional computer monitor. Ms. Hager said staff sought approval to make technical adjustments for revised computer hardware and software pricing from State Purchasing. Staff further sought authority to make changes in BA 4691 based on final approval of other budget accounts within the Department.

ASSEMBLYMAN PARKS MOVED TO CLOSE BUDGET
ACCOUNT 4691 AS RECOMMENDED BY STAFF WITH
TECHNICAL ADJUSTMENTS AND AUTHORIZE STAFF TO MAKE
TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

Chairman Rhoads recessed the meeting at 8:48 a.m. and reconvened at 9:02 a.m.

THE MOTION PASSED WITH ASSEMBLYWOMAN MCCLAIN AND
ASSEMBLYWOMAN KOIVISTO VOTING NO. (Assemblywoman
Weber was not present for the vote.)

* * * * *

DEPARTMENT OF PUBLIC SAFETY
STATE EMERGENCY RESPONSE COMMISSION
BUDGET ACCOUNT 201-4729

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), said there were no major closing issues in BA 4729. Ms. Hager pointed out to the Subcommittee that staff sought approval to make technical adjustments in the base that might be necessary based on final approval of the

Fire Marshal budget. The State Fire Marshal collected a \$60 permit fee for the storage of hazardous materials. The revenue derived from the issuance of permits was deposited in the contingency account for hazardous materials. Ms. Hager said the State Emergency Response Commission (SERC) was responsible for administering the contingency account, and those funds could be used for training and equipping state and local personnel in responding to incidents involving hazardous materials. The Subcommittee was requested to note a technical adjustment could result in a reduction to the reserve balance.

Decision unit E275 recommended \$6,431 in FY 2008 and \$10,011 in FY 2009 in Highway Funds for software license renewal and maintenance costs for the Commission's new hazardous materials database. Ms. Hager pointed out the decision unit included funding for VeriSign online banking which would allow the Commission to accept credit card payments over the Internet.

Ms. Hager said decision unit E710 recommended equipment replacement totaling \$8,404 in FY 2008 and \$1,480 in FY 2009. Staff made technical adjustments to FY 2008 to eliminate duplicate funding for two computer monitors. Staff sought authority to make technical adjustments in BA 4729 based on final approval of other budget accounts in the Department.

ASSEMBLYMAN PARKS MOVED TO CLOSE BUDGET ACCOUNT 4729 AS RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS AND AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN KOIVISTO SECONDED THE MOTION.

THE MOTION PASSED (Senator Beers and Assemblywoman Weber were not present for the vote.)

* * * * *

Chairman Rhoads recessed the meeting at 9:05 a.m. and reconvened at 9:14 a.m.

DEPARTMENT OF MOTOR VEHICLES
REAL ID
BUDGET ACCOUNT 210-4746

Chairman Rhoads commented that the Subcommittee had requested the Department of Motor Vehicles (DMV) to present a "bare bones" budget regarding the REAL ID and include only the requirements specifically required in the REAL ID Act.

Robin Hager, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated the Governor had recommended Highway Funds of approximately \$30.1 million over the biennium to implement REAL ID. The Budget Division had since submitted three budget amendments which had reduced the total budget to \$27.5 million over the biennium. The amendments were as followed:

- Budget Amendment 19 – Reduced the reserve in the REAL ID budget by \$73,278 to fund a statewide fiber loop for three months in FY 2007-08 that was not included in decision unit E279. No overall change in funding resulted from this amendment.

- Budget Amendment 55 – Based on the delay in the implementation date from May 11, 2008 to October 1, 2008, the DMV eliminated the funding for the electronic system verification queries by \$3,953 in FY 2007-08, decreased funding for reenrollment staffing by \$31,460 over the 2007-09 biennium, and reduced funding for the REAL ID call center by \$171,190 over the biennium. The total reduction in budget amendment 55 was \$206,603.
- Budget Amendment 81 – The draft regulations gave the State some guidance on the physical security features required on the REAL ID, which resulted in a reduction of \$2.3 million over the 2007-09 biennium. The reduction was based on a reduced cost to produce the REAL ID card from \$7 to \$3.33.

Ms. Hager referred to the minimum requirements budget requested by the Subcommittee in the last budget hearing on March 20, 2007. The Governor's recommended budget with amendments totaled \$27,508,082, and the minimum requirements budget totaled \$8,879,202. Ms. Hager said the Subcommittee might wish to ask the DMV to explain its ability to implement REAL ID if a minimum requirements budget was approved.

Ginny Lewis, Director, Department of Motor Vehicles, noted that at the request of the Subcommittee the Department had submitted a minimum requirements budget. Ms. Lewis stated she was very concerned that the Subcommittee was considering a minimum budget for the REAL ID implementation because she believed a minimum budget failed to address the citizens of Nevada affected by REAL ID. Ms. Lewis acknowledged REAL ID could be implemented using the minimum budget, but believed there would be severe consequences. She stressed her concerns that the Department would not be prepared or able to respond to customers. If the field offices continued the current hours of service while dealing with REAL ID, wait times would increase. Ms. Lewis said the only solution to dealing with the REAL ID Act had been to extend hours and maximize the use of existing facilities instead of building new facilities.

Chairman Rhoads asked whether the DMV could appear before the Interim Finance Committee (IFC) for future needs, if a minimum requirements budget was passed. Ms. Lewis said her understanding was that the Highway Fund Contingency money was only \$2 million, which would not cover additional needs of \$15 to \$17 million.

Senator Beers commented that part of the problem was timing because the Legislature was only in session for 120 days which made it appear as if the only choices were to pioneer compliance with REAL ID within the 50 states or wait and try to catch-up with implementation. Senator Beers stated the third option was to wait and perhaps compliance would not be required because Congress was investigating eliminating the REAL ID Act.

Chairman Rhoads said he believed the final regulations were due in October 2007 and Senator Beers agreed.

Senator Beers stated that considering the amount of money at stake, it might make sense to plan on a special session for purposes of authorizing compliance with REAL ID if necessary.

Ms. Lewis stated there were two pieces to the budget that would take a long time to implement. One was computer programming which would take one year

or more to accomplish. The other was hiring staff in a phased-in approach, sending staff through the academies, and having staff ready for reenrollment. Ms. Lewis suggested beginning with computer programming, because it would take a long time. She was further concerned that program requirements would be even worse than what was already known. For example, the REAL ID Act was requiring a paper trail of a name change such as birth certificate, marriage certificate, and court documents showing a name change. Ms. Lewis said there had been discussion about putting those documents on the 2D barcode on the back of the driver's license. Ms. Lewis stated a requirement of that nature would pose problems and obviously produce a huge barcode, but those were the types of comments being heard from Homeland Security.

Ms. Lewis asked that the Department be authorized to begin working on some pieces of the plan that were recognized to take a long time for implementation. Ms. Lewis acknowledged there were other items that could be delayed.

Senator Beers asked whether a Gantt chart had been compiled for the REAL ID project. Ms. Lewis stated that a Gantt chart had not been compiled for the project.

Chairman Rhoads asked whether the DMV could provide the Subcommittee with the cost of the individual projects that needed to be implemented immediately. Ms. Lewis said she would provide figures to staff.

Ms. Hager explained that in addition to the minimum requirements budget, staff formally requested the agency submit a budget that would result in reduced expenses to the current budget based on suggestions made by staff. The suggestions made by staff were based on the analysis of issues and included different assumptions than those of the Department. The reduced budget would allow for reductions to the REAL ID proposal, but still provide sufficient resources to meet the mandates of the REAL ID Act, according to Ms. Hager.

Ms. Hager requested that the Subcommittee note that the projected savings associated with the options were estimates, and during budget closings the amounts could change somewhat.

Mark Krmpotic, Senior Program Analyst, informed the Subcommittee the recommended budget for REAL ID included 12 new positions for Fraud Investigations: 8 investigators, 2 supervisory investigators, a DMV technician, and an administrative assistant. The recommendation, if approved, would triple the number of investigators dedicated to fraud investigations. Mr. Krmpotic stated the Department currently had four positions dedicated to fraud investigations. Based upon statistics provided by the Department, in FY 2004 the Department identified 748 fraud cases, 873 fraud cases in FY 2005, and 731 in FY 2006. Mr. Krmpotic noted that while the number of fraud investigations had not grown significantly over that period, the Department's transactions for both driver's licenses and vehicle registrations had grown.

Mr. Krmpotic informed the Subcommittee that included in the Department's budget were other enhancements that improved the detection of fraudulent identification cards and driver's licenses during the issuance process. The recommendation to centrally issue driver's licenses and REAL IDs would prevent individuals from obtaining an authentic state-issued driver's license or ID card with the photo of another person. Mr. Krmpotic said through that process a facial recognition would occur with a vendor outside of Nevada, and if the facial recognition did not match, the card would not be issued.

In addition, documents must be presented by citizens of the state, such as birth certificate, social security card, and proof of residency. The Department had identified a spectral scan function of security features on documents required to prove the identity of an individual. If the scan proved the document to be fraudulent, REAL ID would not be issued, according to Mr. Krmpotic. It appeared there were potential controls in place to prevent issuance of fraudulent IDs and driver's licenses. Mr. Krmpotic said the DMV identified fraud as a serious issue in Nevada, and the state had been identified as in second place nationwide for incidents of fraud. Mr. Krmpotic said the Department was attempting to address a problem that currently existed.

Mr. Krmpotic suggested two possible options for the consideration of the Subcommittee. One option was to eliminate enhancement unit 285 (E285) altogether, and the other was to approve two new investigators instead of the eight positions recommended by the Governor.

Ms. Lewis commented regarding the authentication devices and said those devices were in a pilot program at the Galletti DMV office in Reno. What had been discovered was that the primary benefit of the technology was the authentication of a driver's license from another state. Ms. Lewis said the technology did not do as well identifying fraudulent social security cards or birth certificates.

Troy Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles, stated the existing number of cases within the Fraud Unit was limited by the available personnel. Mr. Dillard stated the number fraud cases had not increased because staff had not increased. There were only so many hours for the existing staff to accommodate and follow-up on investigations. Mr. Dillard said there had been fluctuations in the amount of time the investigations took depending on the complexity of the case.

Mr. Dillard said with the changes indicated in the REAL ID ACT, as well as the central issuance and facial recognition projects, the Department would be assisted in identifying fraudulent methods, means, or documents to obtain identification. When fraudulent documents were identified someone had to be available to handle those situations, and currently the DMV could not accommodate that function. Mr. Dillard said the Department did not have the Compliance Enforcement staff to go to the counter each time a technician believed a fraudulent document had been submitted. Because the suspect document could not be immediately identified, it had to proceed through a lengthy system, and by the time it was identified as fraudulent, there was no way to contact the person who had submitted it.

Mr. Dillard said one of the focuses of the staffing request was to be able to provide the service of an investigator in the metropolitan offices, who could respond immediately to the counter and deal with the individual believed to be presenting false documents. In addition, the investigator would perform the follow-up and work with other agencies such as, the Southwestern Identity Theft and Fraud Task Force (SWIFT) in Las Vegas, and the United States Immigration and Customs Enforcement (ICE) in southern and northern Nevada.

The tools contained in the budget request would be a benefit to the citizens of Nevada in preventing identity theft, according to Mr. Dillard. Without additional staff, Mr. Dillard said the Department would not be able effectively use those tools to the utmost ability.

Chairman Rhoads asked how long it would take the DMV to implement a decent fraud identification program.

Mr. Dillard explained that the fraud program that existed today was located in two offices in the State. In The Executive Budget an increase in funding was recommended to allow DMV investigations to be funded at similar rate as other police entities throughout the State. Mr. Dillard stated it was highly likely those requested positions could be filled immediately, and it was a matter of training the officers regarding fraudulent documents. He did not believe it would take very long to bring staff up to standards, although additional training would be required for the facial-recognition program.

Mr. Krmpotic reminded the Subcommittee that the Governor's proposal also included the exemption of the REAL ID budget and expenses from the 22 percent cap to which the Department was subject.

Ms. Hager referred to decision unit E286, reenrollment staffing. The Subcommittee was reminded that in the Governor's budget, \$3.9 million in FY 2008 and \$8.1 million in FY 2009 was recommended to hire 162 positions for the field services offices to provide 100-percent window coverage, 13 hours per day, 6 days per week at all of the major metropolitan field offices including Carson City. The agency had submitted a revised work sheet for field staffing. Ms. Hager said staff had changed one assumption, which was the vacancy rate, because it had been reduced. The Department had reduced the request for positions by 2 and was requesting 160 positions.

Ms. Hager said the first item staff had reviewed was the necessity to staff every window in the Carson City field office, 100 percent, 13 hours per day, 6 days per week, which would result in 23 additional positions. The current demand for services had not previously justified the need for 100-percent staffing or extended hours at the Carson City field office.

Ms. Hager said staff proposed the following options for the Subcommittee's consideration:

- Eliminate the funding for additional staffing for the Carson City field office if it was determined justification had not been provided. Elimination of funding would result in a reduction in Highway Fund appropriations of approximately \$1.7 million over the 2007-09 biennium.
- Provide 100 percent staffing from 8:00 a.m. to 5:00 p.m., Monday through Friday, reducing the staffing request from 23 positions to 4 positions and saving approximately \$1.4 million over the 2007-09 biennium.

Ms. Lewis said when the budget had been compiled for the expanded hours, and included Carson City, the thought had been to provide two offices in northern Nevada that would be available with extended hours for the public. Ms. Lewis said Ms. Hager was correct—the wait times in the Carson City field office were very low.

Ms. Hager continued with the presentation and stated the second item staff had examined was the possibility of training new technicians to perform REAL ID transactions only. This option would reduce the time needed to train individuals because they would no longer be required to issue vehicle registrations. Ms. Hager said these employees only purpose would be to issue REAL IDs,

which was the reason they were being hired. When the agency had been informed of the proposal, it had indicated it could not support the approach because it would negatively impact metropolitan offices by limiting window coverage and returning offices to specialized window coverage. Additionally, the Department predicted an impact in 2013 if it retained employees hired for REAL ID and placed them in vacant positions included in the field services budget account, because the positions would require additional training on vehicle registration transactions. Ms. Hager said it appeared to staff that the agency was not accounting for the advantage of using REAL ID trained staff to fill vacancies in the field services budget over the next five years. The REAL ID staff would need less additional training than a new employee with no experience with the Department. Ms. Hager said staff recommended training on driver's license and REAL ID document-fraud training only. This would increase productive hours and reduce staffing by a total of 24 positions, which would result in a decrease of \$1.7 million in Highway Fund appropriations over the biennium.

Ms. Hager said the second item staff wanted to discuss was that in the Field Services budget [BA 4735] decision unit E257 recommended increasing reserve staffing for the Sahara and the Decatur offices in Las Vegas. It would appear that the reserve staffing overlapped with the REAL ID staffing request, according to Ms. Hager, as that reserve staffing was not included in the budget for REAL ID. Staff recommended that the positions recommended in the REAL ID budget be reduced by 14 positions. Approval of that suggestion would result in savings of approximately \$978,712 over the 2007-09 biennium.

Assemblywoman McClain asked how long the REAL ID card would remain valid after issuance.

Ms. Lewis said Homeland Security was indicating a REAL ID card could be issued for up to eight years, but each state made the determination as to how many years it was issued.

Ms. McClain asked whether a face-to-face renewal of the REAL ID card was required after it was originally issued. Ms. Lewis said the Department was still waiting for clarification from Homeland Security regarding how the renewal would work. Ms. McClain stated her concern was that, theoretically, the Department could hire 100 employees that would not be needed in five years.

Ms. Lewis responded that the Department had considered training just the new employees on driver's licenses, but she was very concerned about that approach. Prior to 1999, the DMV handled registration and driver's licenses separately to the frustration of the public; the Department changed to a one-stop environment and cross-trained employees, according to Ms. Lewis. Ms. Lewis said it would hamper the manager's ability to handle customers if it was necessary to limit the type of employee training. On any given day it was impossible to predict how many vehicle registrations would be presented. Ms. Lewis said problems would arise, especially in the metropolitan offices, if the field offices did not have staff that could provide service for both types of transactions. Ms. Lewis said if employees were trained only in driver's license, at some point they would have to be sent to the academy for an additional four to five weeks for training in registration and title.

Ms. Lewis addressed the possibility of hiring contract employees instead of hiring state employees and said the training and knowledge it required to be a seasoned employee who could handle transactions for the public was not an

easy task. The new-hire training was eight to ten weeks, and the laws the employees were required to learn, understand, and apply were significant.

Ms. Hager stated the Governor recommended Highway Fund appropriations of approximately \$2.2 million over the biennium for a reserve for unanticipated REAL ID costs. The reserve represented approximately 9 percent of all of the costs identified in the REAL ID budget. Staff suggested that the reserve funding be provided strictly for the technology component if the Subcommittee wished to provide a reserve. Ms. Hager said the reason was because the technology component was the one area that was questionable, as no one knew how long or how many contracted programming hours were needed. If the subcommittee decided to implement the technology reserve, that action would reduce the reserve to approximately \$400,000 over the 2007-09 biennium and result in savings of approximately \$2.2 million over the biennium.

Ms. Lewis said the reserve had been proposed because of the many unknown factors. She stated until the final rules were issued she could not provide some answers.

Ms. Hager referred to the REAL ID Call Center and stated the Governor recommended Highway Funds of \$279,154 in FY 2008 and \$554,155 in FY 2009 for the salaries and setup costs of an isolated call center in the Carson City DMV headquarters. The Call Center would be staffed with eight service technicians and one supervisor. Ms. Hager remarked that a centralized call center already existed within the Department in the Central Services Division, which was staffed with 14 technicians and 2 supervisors. Staff suggested two other options for a call center to handle REAL ID inquiries.

Ms. Hager said the first option was to eliminate funding for a separate call center because there was not enough justification. Eliminating funding would result in a reduction to Highway Fund appropriations by \$833,309 over the 2007-09 biennium.

The second option was to fund additional technicians for the current centralized call center at the DMV. Ms. Hager said the Governor's budget recommended 8 new positions for the separate call center, but staff would add 4 technicians, to increase the number of technicians in the current call center to 18 technicians while maintaining the 2 supervisors. Approval of the option suggested by staff would require Highway Fund appropriations of approximately \$202,000, instead of approximately \$833,000 in the Governor's recommended budget, a savings of \$630,361 over the 2007-09 biennium.

Ms. Lewis said she could not support either option proposed by staff, because the REAL ID program would probably cause more confusion and questions for the citizens of Nevada than anything in recent memory. Ms. Lewis said if DMV staff was not available to answer calls and guide customers through the process, she believed the Department would have to deal with serious problems.

Ms. Hager stated the last item staff reviewed was the fraudulent document training required by the REAL ID Act for employees engaged in the issuance of identification cards or driver's licenses. According to the DMV, each employee would be required to complete an initial 12-hour training course on fraudulent document recognition, with an additional 4-hour training course required each year to remain certified. Supervisors and managers would receive an additional 12-hour course, for a total of 24 hours of training in the first year. Ms. Hager

said The Executive Budget recommended Highway Funds in the amount of \$258,473 in FY 2008 and \$184,294 in FY 2009 for salary, operating costs, and travel expenses for two additional training officers to assist with the fraudulent document training.

Ms. Hager remarked that the DMV currently provided 20 hours of fraudulent document training. The training involved security features on driver's licenses and identification cards from all states, birth certificates, vehicle titles from all states, social security cards, immigration documents, United States currency and counterfeit money, passports, and overt and covert security features, including layering.

Ms. Hager stated the expense for REAL ID training was in addition to current training, and it did not appear as though the agency was planning to use existing resources for additional fraudulent document training. Staff suggested decision unit E280 be eliminated, and the Department incorporate fraudulent document training within existing resources. Ms. Hager said the resulting savings would amount to \$442,767 over the 2007-09 biennium.

Ms. Lewis commented that the Department had requested clarification from Homeland Security regarding fraudulent document training. She said Ms. Hager was correct, and the Department had extensive fraudulent document training in place. Ms. Lewis said the Department asked Homeland Security whether the current training would be adequate, and whether those employees who had undergone that training could be "grandfathered in." The issue had not been addressed in the draft rules regarding REAL ID issued by Homeland Security. Ms. Lewis said her suggestion would be to delay a decision on decision unit E280 until the final rules were issued, rather than eliminate it.

Ms. Hager said the suggested options presented by staff provided a range of savings from \$8.6 million to \$9.4 million when compared to the \$27.5 million recommended by the Governor. If the Subcommittee chose to use the options proposed by staff it would reduce the REAL ID budget to between \$18.1 million and \$18.9 million. Ms. Hager stated the closing for BA 4746 was scheduled for early-May, and at that time, the Subcommittee would need to decide the most appropriate manner in which to fund REAL ID. The Subcommittee would be provided with options, such as approving the Governor's recommended budget as presented, the minimum requirements proposal, or alternatives as presented by LCB staff or proposed by the Subcommittee. Ms. Hager noted there were two options for reducing expenses that had not been presented, the technological component and the public education campaign. While there were options for reduction in both categories, staff had not presented those options at this work session.

Chairman Rhoads requested a list of long-range items that needed to be accomplished as well as the cost for each item.

Chairman Rhoads noted there seemed to be three plans to choose from regarding funding BA 4746, (1) the Governor's recommendation of \$27.5 million; (2) the minimum requirements budget of \$8.8 million; and (3) staff recommendation of \$18.1 million to \$18.9 million.

Assemblywoman McClain commented there was a fourth option, which was no funding.

Ms. Lewis said there were two areas she wanted to comment on. She wanted to further discuss the Sahara and Decatur reserve staffing with Ms. Hager to better understand the issue of overlap with the REAL ID budget. Ms. Lewis also requested the Subcommittee consider allowing the Department to roll some of the funding, if necessary, into the second year of the biennium.

Chairman Rhoads adjourned the meeting at 9:59 a.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Senator Dean Rhoads, Chair

DATE: _____



Assemblyman David R. Parks, Chair

DATE: _____

EXHIBITS			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Public Safety/Natural Resources/Transportation</u>			
Date: <u>April 12, 2007</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Guest sign-in sheet