

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION AND HOMELAND SECURITY**

**Seventy-fourth Session
May 1, 2007**

The Senate Committee on Transportation and Homeland Security was called to order by Chair Dennis Nolan at 2:38 p.m. on Tuesday, May 1, 2007, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Dennis Nolan, Chair
Senator Joseph J. Heck, Vice Chair
Senator Maurice E. Washington
Senator Mark E. Amodei
Senator Maggie Carlton
Senator John J. Lee
Senator Joyce Woodhouse

GUEST LEGISLATORS PRESENT:

Assemblywoman Francis Allen, Assembly District No. 4
Assemblyman Kelvin D. Atkinson, Assembly District No. 17
Assemblywoman Heidi S. Gansert, Assembly District No. 25
Assemblyman John Oceguera, Assembly District No. 16

STAFF MEMBERS PRESENT:

Dan Lindholm, Intern to Senator Nolan
Matt Szudajski, Committee Policy Analyst
Sharon Wilkinson, Committee Counsel
Carolyn Allfree, Committee Secretary

OTHERS PRESENT:

Tom Courtney
Robert D. Haughian, Chief of Operations, Department of Wildlife

Senate Committee on Transportation and Homeland Security
May 1, 2007
Page 2

Maureen Hullinger, Program Officer III, Department of Wildlife
Martha Barnes, Administrator, Central Services and Records Division, Nevada
Department of Motor Vehicles
Mary Ellen Horan, Executive Director, VSA arts of Nevada
Gary Margolis, Nevada Arts Council
Michael E. Fischer, Director, Department of Cultural Affairs
Robert L. Compan, Farmers Insurance
John E. Jeffrey, B & E Auto Auction
Michael D. Geeser, AAA Nevada
Kenneth W. Cooley, State Farm Insurance Company

CHAIR NOLAN:

We will open the hearing on Assembly Bill (A.B.) 176.

ASSEMBLY BILL 176 (1st Reprint): Provides for the automatic transfer of ownership of certain vehicles and motorboats to the designated beneficiary on the death of the owner. (BDR 43-425)

ASSEMBLYWOMAN FRANCIS ALLEN (Assembly District No. 4):

Assembly Bill 176 allows people to designate with the Department of Motor Vehicles (DMV) and the Department of Wildlife a death beneficiary for their vehicles, motorboats or trailers. This bill makes things easier for the family in the event of a registered owner's death. It does not require the owner to specify a beneficiary and does not slow the current registration process. This will benefit vehicle owners and will not cost the State anything.

TOM COURTNEY:

I requested this legislation and have provided you with an outline of my testimony ([Exhibit C](#)). With respect to boats, we mean undocumented boats. Vessels 30 feet or more in length or weighing 5 tons or more are required by the U.S. Coast Guard to be documented.

The beneficiary form of ownership has already been established in Nevada law for some types of assets: bank accounts, securities, real estate, etc. Other states allow boats and vehicles to be transferred on death to a designated beneficiary. This form of ownership simplifies the process of passing ownership to the beneficiary outside probate or a trust and avoids complications and pitfalls of joint ownership.

Senate Committee on Transportation and Homeland Security
May 1, 2007
Page 3

ROBERT D. HAUGHIAN (Chief of Operations, Nevada Department of Wildlife):
We just became aware of this bill and have concerns with sections 5 through 8. We are not aware of a lot of public interest for a beneficiary designation on boat titles.

We have a data system which is operated by a contractor. A database can have many tentacles to work correctly for a change such as this. We have made an attempt at a fiscal note and have one in rough form: our estimate for programming costs to the Department of Wildlife is \$9,000 to \$26,000.

CHAIR NOLAN:
We will look at your fiscal note. You do not have major opposition to the concept of the bill, only that it will create a fiscal issue. Is that correct?

MR. HAUGHIAN:
That is correct. Another concern is with financial institutions that do boat financing. We are not sure how they will react to having a beneficiary added on the documentation.

CHAIR NOLAN:
I assume you have not had the opportunity to discuss these issues with the sponsor of the bill.

MR. HAUGHIAN:
That is correct.

ASSEMBLYWOMAN ALLEN:
Early on, the DMV attached a fiscal note. After we had dialog with them, they determined that the fiscal impact was so negligible a fiscal note was not necessary.

There is a need for this. What I hear from my constituency is that it is good to avoid going through probate.

SENATOR CARLTON:
Mr. Haughian, you are with the Department of Wildlife; help me understand the issue for you with financial institutions.

Senate Committee on Transportation and Homeland Security
May 1, 2007
Page 4

MR. HAUGHIAN:

It has to do with financial institutions involved in the loan process for boats.

SENATOR CARLTON:

How does it impact the Department of Wildlife?

MR. HAUGHIAN:

Our concern is that there might be some question or concern about the beneficiary pass. We are not sure how the financial institutions will react to that.

SENATOR CARLTON:

Assemblywoman Allen, has a financial division or any of the banking people who walk our hallways every day contacted you with concerns in this bill about beneficiary titles and boat loans?

ASSEMBLYWOMAN ALLEN:

No, no one has contacted me.

MAUREEN HULLINGER (Program Officer III, Department of Wildlife):

The staff's concern is with institutions that provide loans strictly for boats. We would like for them to have an opportunity to comment, to make sure there are no concerns with having a beneficiary on a title. It is a new concept for us.

SENATOR CARLTON:

This came from the staff of the Department of Wildlife, but not from any financial institution. Is that correct?

MS. HULLINGER:

That is correct.

CHAIR NOLAN:

I realize from your testimony that you have just become aware of this bill and need to ascertain whether a fiscal note will be needed. Please provide us with your information as soon as you can. From a policy perspective, this seems to be a good thing and we would like the bill to move forward.

MR. HAUGHIAN:

We will work as aggressively and quickly as we can and communicate our position to you.

CHAIR NOLAN:

Please provide the information to both our staff and Assemblywoman Allen.

MARTHA BARNES (Administrator, Central Services and Records Division, Nevada Department of Motor Vehicles):

I testified on this bill in the Assembly. We capture the beneficiary information and do the programming to print it on the title. It is a small thing for us and we have no objection to it.

CHAIR NOLAN:

We will close the hearing on A.B. 176 and open the hearing on A.B. 54.

ASSEMBLY BILL 54 (1st Reprint): Requires applicants for a special license plate to pay an application fee which is refundable in certain circumstances. (BDR 43-740)

ASSEMBLYMAN JOHN OCEGUERA (Assembly District No. 16):

Assembly Bill 54 came about after much discussion in the Commission on Special License Plates. It requires an applicant requesting the design, preparation and issuance of a special license plate to provide a check in the amount of \$5,000 to the DMV at the time he submits the application. If the Commission on Special License Plates decides not to issue the plate, or after 1,000 plates are issued, the fee will be refunded to the applicant.

The special license plates include special interest fund-raising plates and others, and differ in design from the standard issue plate. Special license plates that generate revenue for certain causes have become more widespread in Nevada since the first fund-raising plate was approved in 1989. Currently, we have 25 of these plates in production.

During the 2003 Legislative Session, nine bills relating to special license plates were considered by the Legislature. Special license plates are important, but the 2003 Legislature realized there should be another means for authorizing special license plates. In 2003, the Commission on Special License Plates was created as a permanent legislative committee. The number of special plates was capped

at 25. This past interim, the Commission considered nine applications. At the same time, four special plates did not meet the requirement for active registrations and they are no longer produced.

The organizations applying for these plates obtain 1,000 signatures of people who say they will purchase the plates. For the most part, just over 500 active plates were in circulation, nowhere near the number that signed the application. Representatives of the DMV indicated that the cost to the DMV is a minimum of \$5,000 to design, prepare and produce a special license plate. It is my understanding that the DMV does not recoup this cost if a plate does not meet the goal of 1,000 actively registered plates. For this reason, it is imperative that an applicant provide the money up front.

States such as California, Maine, Missouri, Montana and Washington have similar provisions. Costs ran from \$200 to \$40,000. In most cases, the sponsor is reimbursed for the initial payment once the requisite number of plates has been sold.

The DMV proposed an amendment to A.B. 54 in the Assembly to provide that the \$5,000 be deposited into the Revolving Account for the Issuance of Special License Plates if it is not refunded to the applicant.

SENATOR CARLTON:

Why is it necessary to produce 1,000 plates? Why do they not have a first run of 500? We changed it to 1,000. First it was 250, then 500, then 1,000. I know they produce a certain number and send a certain number to each DMV office. Why do they impose upon themselves the financial burden of making 1,000 plates?

Ms. BARNES:

We try to provide plates to all of our offices. Some customers want to walk out of the building with plates, so we make consecutive counter plates for all of the offices. That is why we make a larger run of plates. The rule of thumb is to make 3,000 sets, or 6,000 all together, to distribute to the offices.

SENATOR CARLTON:

Are we making 3,000 plates when 1,000 people have signed up for them?

Ms. BARNES:

Yes, depending upon the design.

SENATOR CARLTON:

How will \$5,000 solve this problem?

Ms. BARNES:

We destroyed quite a few plates when the four fell out of production. We can limit the number we make. A lot of plates are sold in the south. We have four major offices there to supply. Our truck goes down only every three weeks. We want to be sure those offices have enough plates to do business. We can change the number, if that is what you want us to do.

SENATOR CARLTON:

The cost of design and setup for 3,000 plates is \$5,000. Is that correct?

Ms. BARNES:

That is for a four-color design; each time a color is added, the cost goes up. The four plates that fell off production were four-color designs and cost about \$3.81 a set. We destroyed close to 15,798 plates, for a cost of \$30,000 that did not come back to us. Those plates come back to the tag plant, we recycle them and the money goes directly into the Highway Fund.

SENATOR CARLTON:

I am still trying to understand why you make more plates than you need. I understand that you want enough plates to distribute, but I do not want this provision to be a barrier to people trying to raise money.

SENATOR LEE:

I have seen the evolution of these license plates, and this will solve a lot of problems. Does the 1,000-plate requirement have a sunset? Do you purge the plate after a certain period of time?

Ms. BARNES:

Pursuant to the statute, the plates are reviewed every 12 months, on October 1. We send a letter to anybody who has not met the 1,000 active-registration requirement. They have until the end of the calendar year to meet the quota.

SENATOR LEE:

The money not claimed is left in the special plates account. Is that correct?

MS. BARNES:

Yes, that is the way the bill has been written. We proposed our amendment in the Assembly because we were concerned that there was no provision for doing anything with the money; we would have been holding a check until the application got to the Commission and a determination made on whether to go forward with production. Our suggestion was to put it into the special plates fund until the numbers were met and it was refunded.

SENATOR LEE:

Do they have to ask for it?

MS. BARNES:

If they met their numbers, we would refund the money.

SENATOR LEE:

You would refund it administratively. That makes sense.

CHAIR NOLAN:

It makes sense to me to require some type of financial responsibility. At the same time, I agree with Senator Carlton that we do not want it to be a barrier. We recently approved a special license plate for search and rescue organizations looking to raise \$5,000 to buy some additional equipment statewide. We might consider having them provide a bond, without any cash out of pocket.

ASSEMBLYMAN OCEGUERA:

We have come a long way since we started the special license plates program. We are asking for their financial statements and we are asking them to show they are an organization in good standing. This is one more step. Whatever is your pleasure is good with me.

CHAIR NOLAN:

I understand what you are trying to do. We should look into it and try to find another way to obligate them for the cost without making it a deterrent. I do not mind there being some type of fiscal component to establish some legitimacy to the organization.

ASSEMBLYMAN OCEGUERA:

We discussed in the Commission having them write a check up front for the cost of the plates.

MS. BARNES:

There is a \$35 charge plus \$25 that goes to the organization for a first-time registration for the special plate. On renewal, it is \$10, plus \$20 for the organization.

ASSEMBLYMAN OCEGUERA:

An organization may find \$35 times 1,000 prohibitive, but it is claiming there are 1,000 people who want the plates. That is why I thought \$5,000 was a reasonable number based on the fact that the DMV said it was their cost.

CHAIR NOLAN:

It makes sense. We will close the hearing on A.B. 54 and open the hearing on A.B. 76.

ASSEMBLY BILL 76 (1st Reprint): Makes various changes to provisions governing the Account for License Plates for the Support of the Education of Children in the Arts. (BDR 18-853)

ASSEMBLYWOMAN HEIDI S. GANSERT (Assembly District No. 25):

Assembly Bill 76 attempts to change the statutes to reflect what has been happening with some funds produced from the Rich in Art license plate. The first plate was issued in 2000, with the proceeds going to the Nevada Arts Council (NAC) on a quarterly basis. After the funds were received by the NAC, half were transferred to VSA arts of Nevada. This was not represented in the statute, but it was the mutual agreement when the plate was created.

This past summer, the Legislative Auditor told us we needed to either have the law changed or create another process for NAC to collect the money and transfer it. This legislation modifies the NRS to allow the funding to be split between the organizations, as was originally intended. I have provided you with a document showing other plates that split funds ([Exhibit D](#)).

MARY ELLEN HORAN (Executive Director, VSA arts of Nevada):

These funds have made a huge difference in our programs and what we are able to do on an annual basis. I have provided you with our new license plate

postcard and information about what we are doing at the Lake Mansion ([Exhibit E](#)). We do about 3,000 workshops statewide in rural Nevada, northern Nevada and southern Nevada. These funds amount to approximately \$35,000 a year for us, about 10 percent of our total budget. This bill clarifies the original intent of the Rich in Art license plate.

GARY MARGOLIS (Nevada Arts Council):

I am the Arts in Education coordinator for the NAC. The funds for this license plate are administered through the Arts in Education program, and the NAC supports this legislation.

SENATOR HECK:

The money is now coming to the NAC and the NAC is giving some to VSA arts, and the auditor said you cannot do that. Is that correct?

ASSEMBLYWOMAN GANSERT:

He said it was not formalized in statute and they needed to go through a grant process unless we changed the statute.

SENATOR HECK:

Why not go through the grant process and have competition among all the entities in Nevada that are trying to get funding for the arts?

MS. HORAN:

That was not the original intent in 2000. VSA arts has put in a lot of work to establish the license plate. The postcard is one example. The original intent was to split the funds up front between VSA arts and the NAC.

SENATOR HECK:

Would that be in the legislative record?

MS. HORAN:

I testified in the original hearings.

ASSEMBLYWOMAN GANSERT:

The hearings were in 1996; they did not get the plates out until 2000, but VSA arts was the creative end and partnered with the NAC to get the plate. When the legislation came to fruition, it did not name both parties. They left the legislation as it was, wanting to not amend it in order get it through. VSA arts

produced the competition for the plates and so forth. It really was a partnership and we have documentation on that.

SENATOR HECK:

What is being done with money that stays with the NAC?

MR. MARGOLIS:

We have several grant programs in Arts in Education which we use to disburse the rest of the money.

SENATOR HECK:

Is it competed for statewide?

MR. MARGOLIS:

Yes, it is.

SENATOR HECK:

I understand the original intent in 1996, but earmarking 50 percent for an entity that serves only one area of the State causes me some concern.

MS. HORAN:

We do not serve one area of the State; we work throughout the State. We had a festival in Fernley last week; we are doing a Lovelock festival; we work with veterans in southern Nevada and in a nursing home in southern Nevada; we have been in Elko, Austin and Ely. We really do serve the entire State and are one of the only arts organizations who work with people with disabilities, underserved and at-risk people. One of the reasons the NAC originally partnered with us is that we are one of the only arts organizations who does serve the entire State.

SENATOR LEE:

How much are we talking about that goes through the NAC and how much does VSA arts receive from that?

ASSEMBLYWOMAN GANSERT:

The totals each year have gone from \$21,000 to about \$67,000; as of March 31 of this year, the income has been about \$50,000. The two entities split it. If for any reason VSA arts of Nevada goes away, the money reverts to just the NAC.

CHAIR NOLAN:

Three bills have come before us dealing with modifications in funding on special license plates. We will process this bill, but we will find out whether the interim Commission on Special License Plates should not, in the future, be considering these types of questions and bringing them back to this Committee. The interim Commission was created to try to deal with these issues in a setting where we would not be rushed.

If this is something noncontroversial and palatable to the Committee, we might make a Committee amendment. We would check with the Assembly and make sure there are not any issues with them.

MICHAEL E. FISCHER (Director, Nevada Department of Cultural Affairs):
Our department supports this legislation. VSA arts does serve the entire State. This bill legitimizes the intent of the historic legislation and cleans it up in audit detail. We are supportive of this and wish for it to go forward.

CHAIR NOLAN:

Thank you. We will schedule this and look at the question regarding the amendment.

We will close the hearing on A.B. 76 and open the hearing on A.B. 266.

ASSEMBLY BILL 266 (2nd Reprint): Makes various changes to provisions relating to salvage vehicles. (BDR 43-909)

ASSEMBLYMAN KELVIN D. ATKINSON (Assembly District No. 17):
I have two people here who are well prepared to present this bill and I will help clarify anything questions.

ROBERT L. COMPAN (Farmers Insurance):

Assembly Bill 266 allows our industry to dispose of automobile total-loss salvage in a timely manner. The bill allows us to apply for a salvage title or a nonrepairable title if the owner of the motor vehicle is relinquishing ownership and does not provide the endorsed certificate of title or certificate of ownership for the vehicle. Within 30 days after acceptance of a settlement and proof of payment, we will, within a reasonable timeframe, apply to the DMV for an application for salvage title or nonrepairable title.

We worked on S.B. No. 175 of the 73rd Session sponsored by Senator Titus last session, and it set in motion what we want to do today. We have vehicles sitting in our salvage pool on which we have executed a settlement and shown proof of payment, but we cannot get a title and dispose of the salvage. We worked with the DMV to clarify language on this bill. It gives us an avenue for obtaining title when we show proof of payment on a vehicle.

I will anticipate Senator Carlton's question regarding whether insurance rates will be impacted by this. It is one of the many cost drivers, Senator Carlson. I cannot tell you that insurance rates will go down. We have to become profitable before insurance rates can come down. This will allow us to dispose of salvage in a timely manner and will benefit our company and our clients.

SENATOR CARLTON:

What is the problem with getting the title?

MR. COMPAN:

After we execute payment, we receive a guarantee of title from the lien holder. Lien holders do not execute the title; it is a certificate of origin on a new vehicle. By statute, they have 25 days after we execute payment in which to issue us a title. In many cases, that is not happening, so we are in limbo.

SENATOR CARLTON:

By "lien holders," are we talking about financial institutions or are we talking about the registered owner?

MR. COMPAN:

We are talking about both. If they have clear title, they should have the title in their possession. When we execute settlement, we can say we will not make payment on the claim until we have the title. Under the Nevada Fair Claims Practices Act, we have a certain number of days in which we must execute settlement or deny the claim. With this legislation, if they have lost or cannot otherwise produce the title, we can go to the DMV with our proof of payment and signed settlement, and they will issue us the title.

SENATOR CARLTON:

What happens when the settlement does not pay off the loan and the owner of the car does not have the title?

MR. COMPAN:

In the best interest of our clients, we ask for a guarantee of title from the lien holder before we execute the settlement. Any balance is between the lien holder and the customer.

SENATOR CARLTON:

Does the customer have a choice on accepting the settlement? Do you go straight to the lien holder, and the customer is stuck holding the bag?

MR. COMPAN:

We will not execute settlement without a signature of authorization from the owner of the vehicle or the person who has the loan. We cannot go to the lien holder, pay the loan and expect to get the title. The lien holder would have to issue an affidavit of repossession and repossess the vehicle, first.

JOHN E. JEFFREY (B & E Auto Auction):

This has become a major problem for B & E Auto Auction. They auction about 200 cars every two weeks. They always have a backlog of cars waiting for titles. There are over 500 cars, now, and that number increases by about 100 a month. They are running out room. I know it might be a little out of order, but I would like to ask the Committee to process this bill as soon as possible.

MICHAEL D. GEESER (AAA Nevada):

We want to get on the record and say we support this bill. This appears to ease the process of obtaining a title. It is modeled after language in California on which we had a great deal of input, and it appears to work. We think this will be a good bill.

KENNETH W. COOLEY (State Farm Insurance Company):

We, also, would like to indicate support for this bill. As a practical matter, the business of automobile insurance and insuring damage to vehicles is a business in which you try to keep your costs down so your product is as affordable as possible. A marketplace participant is aware of a problem that is causing mounting costs to him as an operator. This solution is patterned on one that has worked elsewhere and is a practical step which we support.

CHAIR NOLAN:

We have no opposition on this bill and the testimony was pretty straightforward. The Chair will accept a motion.

Senate Committee on Transportation and Homeland Security
May 1, 2007
Page 15

SENATOR CARLTON MOVED TO DO PASS A.B. 266.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR AMODEI WAS ABSENT FOR THE VOTE.)

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CHAIR NOLAN:

There being no further business, the meeting of the Senate Committee on Transportation and Homeland Security is adjourned at 3:46 p.m.

RESPECTFULLY SUBMITTED:

Carolyn Allfree,
Committee Secretary

APPROVED BY:

Senator Dennis Nolan, Chair

DATE: _____