

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

**Seventy-fourth Session  
April 3, 2007**

The Senate Committee on Transportation and Homeland Security was called to order by Chair Dennis Nolan at 2:30 p.m. on Tuesday, April 3, 2007, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 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 Maggie Carlton  
Senator John J. Lee  
Senator Joyce Woodhouse

**COMMITTEE MEMBERS ABSENT:**

Senator Mark E. Amodei (Excused)

**STAFF MEMBERS PRESENT:**

Elana Graham, Assistant to Committee Manager  
Lynette M. Johnson, Committee Secretary  
Dan Lindholm, Intern to Senator Nolan  
Nicholas Marquart, Intern to Senator Nolan  
Matt Szudajski, Committee Policy Analyst  
Sharon Wilkinson, Committee Counsel  
Carolyn Allfree, Committee Secretary

**OTHERS PRESENT:**

Dennis Colling, Chief, Administrative Services Division, Department of Motor Vehicles  
Charles A. Silvestri, Auto Tag Agency

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Clay Thomas, Deputy Director, Department of Motor Vehicles  
Oran McMichael, American Federation of State, County and Municipal Employees  
Danny Coyle, State of Nevada Employees Association/American Federation of State, County and Municipal Employees, Local 4041  
John P. Sande III, Nevada Franchised Auto Dealers Association  
Jackie L. Frady, Executive Director, National Automobile Museum, The Harrah Collection  
Ranson Webster, Chairman, National Automobile Museum, The Harrah Collection  
Martha Barnes, Administrator, Central Services and Records Division, Department of Motor Vehicles  
Troy L. Dillard, Administrator, Compliance Enforcement Division, Department of Motor Vehicles  
Paul V. Townsend, Legislative Auditor, Audit Division, Legislative Counsel Bureau  
Rusty McAllister, Professional Firefighters of Nevada  
Scott Rawlins, Deputy Director, Nevada Department of Transportation  
Lisa A. Foster, City of Boulder City  
Derek W. Morse, Deputy Executive Director, Regional Transportation Commission of Washoe County  
Michael D. Geeser, American Automobile Association, Nevada  
Tina Quigley, Regional Transportation Commission of Southern Nevada  
Fred Ohene, Regional Transportation Commission of Southern Nevada  
Paul Enos, Nevada Motor Transport Association  
Ralph A. Felices, Chief Investigator, Compliance Enforcement Division, Department of Motor Vehicles  
Jack Stanko, President, Nevada Franchised Auto Dealers Association; President, Champion Chevrolet  
Jerry Howry

CHAIR NOLAN:

We will open the hearing on Senate Bill (S.B.) 40.

**SENATE BILL 40**: Makes various changes concerning the issuance of certificates of registration by vehicle dealers. (BDR 43-620)

DENNIS COLLING (Chief, Administrative Services Division, Department of Motor Vehicles):

Senate Bill 40 is a Department of Motor Vehicles (DMV) bill which proposes to authorize the DMV to allow new and used vehicle dealers to issue certificates of registration and to charge and collect a fee to process that registration.

The Nevada Franchised Auto Dealers Association supports this bill as written. The bill provides for voluntary participation by the dealers. If the customer wants the dealer to register the vehicle, the customer will pay a fee. It is the customer's decision whether to go there or come to our offices.

The DMV has a proposal of its own which will allow the customer to purchase a new vehicle and have the information transmitted electronically to the DMV. The customer may then go home and register the new vehicle over the Internet. We will mail the registration, plates and decal to the customer. They would not have to come into the office.

SENATOR HECK:

As I understand, the only thing this changes from existing law is that we are allowing used vehicle dealers, rather than just new vehicle dealers, to register a vehicle. We are also allowing the dealers to charge a fee for the service.

MR. COLLING:

We operated a pilot program to allow the dealers to voluntarily register vehicles for us. In many states, dealers do register vehicles when they sell them. This does not occur in Nevada. The pilot program was not as successful as we had hoped. We currently have one dealer who continues to participate. The DMV's internal auditors conducted an audit and examined this program. They contacted the dealers and asked them what would encourage them to participate. They asked them if money would help. The answer was yes. This is enabling legislation, as a result of that audit, to allow the dealer to charge a customer for the service.

CHAIR NOLAN:

One party in favor of this bill is not here to speak. We will indicate for the record that Catherine O'Mara is in favor of S.B. 40.

SENATOR HECK MOVED TO DO PASS S.B. 40.

SENATOR WASHINGTON SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS AMODEI AND CARLTON WERE ABSENT FOR THE VOTE.)

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We will close the hearing on S.B. 40 and open the hearing on S.B. 263.

**SENATE BILL 263**: Makes various changes to provisions governing the registration of motor vehicles. (BDR 43-340)

CHARLES A. SILVESTRI (Auto Tag Agency):

I am here in support of S.B. 263. I represent an automobile registration service from Florida that would like to come to Nevada. I have provided you with an outline of my testimony ([Exhibit C](#)). Virginia (Ginny) Lewis, Director, DMV, and her administrative staff have assisted with this bill, and their suggestions and ideas have been incorporated into it.

My client is a family-owned business whose main business is registering and titling new and used motor vehicles electronically through the Florida DMV. Senate Bill 263 would permit a private registration service to perform this service in Nevada. Our service agency will supply all of the equipment and office space, without any additional cost to Nevada or to the DMV. We will have offices located strategically throughout southern Nevada, in cooperation with the DMV.

We do not see ourselves as a competitor to the DMV, but as an extension to assist in providing services to the citizens of Nevada. It takes the registration agency 20 minutes to register a vehicle in Florida. I registered a vehicle in Nevada two months ago. It was midweek and in the afternoon, and it took two hours. This service will result in workload and stress reduction for DMV employees. It will not result in employee reductions; DMV employees will still be very busy.

In summary, S.B. 263 permits the registration service to register and title new and used motor vehicles electronically with the DMV in Nevada and to charge a fee to the customer for the service. This is voluntary; no one would be required to use our services.

CLAY THOMAS (Deputy Director, Department of Motor Vehicles):

I am here with qualified support for S.B. 263. We have proposed amendments ([Exhibit D](#)). The DMV continuously looks for ways to enhance customer service and reduce our wait times. We are willing to enter into a public-private partnership with other entities to keep the wait time down and to handle the increased population this State has experienced. This is not a reflection on our staff or on the jobs they are currently performing.

The proposed amendment before you addresses four issues. It eliminates reference to the \$50 renewal fee and would have the fee established by regulation. It enters this into a pilot program under the director's purview. If the law passes in its current form, we may have a litany of businesses attempting to come onboard all at once. The reason for this amendment is that we want to assess and evaluate the success rate of the public-private partnership on a limited basis.

We want to strike section 10, subsection 4, and section 12, subsection 2, in order to maintain consistency with existing statutes that cover the other licensing businesses for which we are responsible.

CHAIR NOLAN:

For the record, it is your intent, if the amendments are adopted, to lend your support to the bill and you would conduct a pilot program. We would make it permissive. It sounds like a project worth pursuing.

MR. THOMAS:

That is correct. We do plan on moving forward with this. Mr. Silvestri came to this agency prior to introduction of this bill and worked with us on the language. We see it as a positive experience for both of us. We do appreciate his coming forward to work for language with which we can all be comfortable.

There is a fiscal note of approximately a \$55,000 attached to this bill for programming costs to implement the registration service, since this is the first one in the State done to this extent.

CHAIR NOLAN:

The Chair of the Senate Committee on Finance is not eager to have any more bills. Is there something in the amendment that would allow the private sector participating in this pilot program to assume those start-up costs?

MR. THOMAS:

Mr. Silvestri has volunteered certain pieces of equipment that would be needed. However, these are programming costs within the DMV. It is opening an area we have not previously allowed to the outside. Although it is a registration service, it is expanding well beyond what the one dealership currently does. This would afford a business to do veterans' exemptions, special plates, personalized plates and such. We would like to expand the opportunities and options to the customers to use an alternative service. It would require programming.

MR. SILVESTRI:

We have discussed the amendments and we agree to them. We have also discussed the fiscal costs. I have offered the DMV any assistance and expertise we can provide. Because of our many years of experience, we do not need to reinvent the wheel. We are willing to work to reduce these costs significantly.

CHAIR NOLAN:

Before we take action on the bill, is there some additional language you can agree on to allow them to directly assume the costs associated with this? Otherwise, you are going to find yourselves sitting in front of the Senate Committee on Finance next week.

SENATOR WASHINGTON:

Mr. Thomas, is there a particular company you have already selected for the pilot program?

MR. THOMAS:

We have not selected a company. However, Mr. Silvestri has worked very closely with us and understands what we are after, and we have kind of a quid pro quo going on. Obviously, we would open it up and allow individuals to apply. We would look at agencies that have done this in the past, but Mr. Silvestri's group has stepped forward and they are out in front of other agencies.

SENATOR WASHINGTON:

Can we get the name of the company you are representing, Mr. Silvestri?

MR. SILVESTRI:

There are 40 or 50 automobile registration services throughout Florida. I cannot answer the question regarding sharing of what we do. Suffice it to say, I have offered to help in this transition period.

CHAIR NOLAN:

It is a fair question to ask. Who is the party you are representing?

MR. SILVESTRI:

I represent Auto Tag Management Service.

CHAIR NOLAN:

There are some people in opposition to the bill.

ORAN MCMICHAEL (American Federation of State, County and Municipal Employees):

All people should be treated equally and fairly; all people should have access to basic public services; providers of public services should be accountable to the public. Unlike government, private companies can bail out of providing services for any number and variety of reasons, up to and including insufficient profit.

There is a distinct possibility congress will overturn some provisions of the REAL ID Act of 2005 (REAL ID Act). Should this occur, the perceived notion that major backups would occur will never happen. Our DMV employees deliver quality and professional service to the public. What happens to these dedicated employees? It has been our experience that they may be offered positions in the private interest. Yet, the positions tend to be of lesser salary, no benefits and no retirement. Do we want to create a lesser quality of life for DMV employees?

Nevada has not had a great record with respect to privatization. State prison facilities are an example. When they were ultimately returned to State service, they were in worse condition than they had been previously. Privatization will actually cost more than what we are hearing. The cost will be to the consumer. How many corners will be cut in the delivery of the service or how many personnel will be cut to create a profitable venture? This is not designed to save the State money.

Nobody is more frustrated with bureaucratic inefficiency than our frontline workers, whom we represent. And, nobody is in a better position to improve the

quality of the service than those who perform the work. For years, we have been saying, "Listen to us. We know what is wrong; we know how to fix it," only to be told it is none of our business. Instead of treating employees as cogs in the delivery of service, ask us how we might better streamline the process. Utilizing this input would be a less costly mechanism than privatizing the operation for a quick fix.

DANNY COYLE (State of Nevada Employees Association/American Federation of State, County and Municipal Employees, Local 4041):

We oppose S.B. 263. This seems to be a reintroduction of S.B. No. 384 of the 72nd Session, which was introduced on March 17, 2003, to establish a pilot program to do the same thing. It was passed out of the Senate, but met its demise in the Assembly.

The notion of the REAL ID Act putting an additional burden on our DMV employees is a red herring. The present staff is quite capable of handling any additional vehicle registration requirements. This is complete outsourcing, and we have always been philosophically opposed to it.

SENATOR CARLTON:

I do not see privatization. Nothing in the bill says the DMV will stop performing these services. We have car dealers doing this now. There are opportunities for people not to have to walk through the door of the DMV. We have the kiosks, the Internet, the telephone and mail-in registration. We have done a number of things to get people out of the building and help the employees become more efficient and reduce their stress levels. I saw this as another opportunity for someone else to perform the function the car dealers are already doing. I am trying to understand where the notion of privatization came from.

MR. MCMICHAEL:

We see this as the proverbial foot in the door, with no real assurances that this will not be first step in privatizing the agency. We have not received any assurances that there will not be further expansions which could severely impact State workers.

SENATOR CARLTON:

Did we have the same concerns when we discussed having the car dealers do this? Was it because they did not actually make a profit from it that we were not as concerned about it at the time?



MR. COYLE:

I do not remember what our position was on that legislation. We are speaking to the present time. To me, this is outsourcing that would benefit a private commercial enterprise at the expense of the jobs of DMV employees.

SENATOR CARLTON:

You mentioned the Senate bill from last session. That was a company out of Phoenix, Arizona, and they were still going to operate in Phoenix. They were not going to even be in this State and hire Nevada people. We were going to outsource to another state. Do I remember correctly?

MR. COYLE:

I am not sure. I do remember it was a private program.

SENATOR CARLTON:

We can look it up. If I do remember correctly, it was going to be sending it to another state and we had some serious concerns about the security of identities and keeping the data safe. That was something I looked for in this bill.

MR. MCMICHAEL:

We want to let it be known on record that we are not totally opposed to private-public ventures, but we would like to be a party at the table when we discuss possibly moving jobs.

CHAIR NOLAN:

I tend to agree with Senator Carlton's position. We are growing rapidly. The Governor has approved the budget and will be proposing cuts which will affect the DMV and every other agency across the board. I see this as a customer-service issue and an important issue for the State to be able to continue to do what it has to do with regard to registering motor vehicles and providing service.

With the amendment, this is a proposed pilot program. Mr. Thomas, would you have any objection to our adding that you will report back to this Committee during the next legislative session with details of the success or problems and issues with the program?

MR. THOMAS:

We will do that.

CHAIR NOLAN:

Ms. Wilkinson, please include that in the amendment. The Chair is willing to accept a motion to amend and do pass with the amendment proposed by the DMV and the caveat on the record that, if the DMV does consider staffing changes as a result of this proposed program, they will consult and work through those issues with the American Federation of State, County and Municipal Employees. Mr. Thomas, if you implement this program, do you foresee any issues regarding having to downsize in personnel?

MR. THOMAS:

With the continued growth in this state, I doubt the DMV will downsize in the near future or at all. We are trying to find alternative technologies to assist the customer base. We are trying to expand the services and allow individuals more opportunities so we are not constructing more buildings at the DMV or having to hire more staff. We want the DMV to operate in the most efficient manner possible.

CHAIR NOLAN:

I appreciate your response. I wanted to get you on the record to help allay some of these gentlemen's concerns.

SENATOR HECK MOVED TO AMEND AND DO PASS S.B. 263 WITH THE AMENDMENT PROPOSED BY THE DMV AND THE CAVEAT OF REPORTING BACK TO THIS COMMITTEE IN TWO YEARS.

SENATOR WASHINGTON SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR CARLTON VOTED NO. SENATOR AMODEI WAS ABSENT FOR THE VOTE.)

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SENATOR CARLTON:

I am voting no, now, because I have a few question that remain unanswered. I wish you folks had come to me earlier with your concerns. I will qualify my no with the fact that I may change it on the Senate floor to a yes, once I get some better answers.

CHAIR NOLAN:

We will close the hearing on S.B. 263 and open the hearing on S.B. 319.

**SENATE BILL 319**: Makes various changes relating to the licensing and registration of motor vehicles exhibited or displayed in certain museums.  
(BDR 43-1131)

JOHN P. SANDE III:

I am here by myself today; I am not representing anybody. I want to introduce some people from the National Automobile Museum, The Harrah Collection, and give you some background on how it was formed.

Bill Harrah died in 1978, and I was a lawyer handling his estate. We needed tax money so Harrah's merged with Holiday Inn in 1980. Harrah's owned 1,400 cars. It was Bill Harrah's collection, owned by the company. Holiday Inn started selling the cars and making tremendous amounts of money. There was a big uprising in Washoe County, because the people thought it was their museum. Fortunately, Holiday Inn was convinced to donate approximately 250 cars to the museum. It was the largest corporate contribution in history, at that time.

Over the years, the Legislature and other contributors have helped the museum pay off debt, and the museum has become an asset to the city of Reno. Now, I would like to introduce Jackie Frady, director of the museum.

JACKIE L. FRADY (Executive Director, National Automobile Museum, The Harrah Collection):

I want to thank the Legislature for its past financial support. You helped in a time of struggle and we have now been able to make some headway.

The National Automobile Museum is a private, nonprofit, 26 *United States Code* 501(c)(3) [501(c)(3)] organization formed solely for educational purposes. We are fortunate to have it rated one of the top ten automobile museums in the nation. Since opening in 1989, the museum has gained a reputation for offering unique and valuable education programs for students and adults, for serving as a leader in the automotive field and for the exceptional exhibits we are able to offer within our collection. We rely on funds that are generated from operations, as well as support from grants and donations and in-kind contributions.

Senate Bill 319 would make special license plates available that could be used interchangeably on our exhibit cars. The plates could be used for a variety of purposes, such as when we participate in a Nevada Day parade in Carson City or a Veterans' Day parade in Reno. We frequently exhibit cars at special events, including the Reno Air Races and Hot August Nights, or we may join a specially-organized car tour to Lake Tahoe.

We prepare our cars for events and do annual maintenance and preservation work, and we would like to take them out on public streets for our test drives or be able to drive them to an automotive shop for paint, upholstery or basic repairs. There are also media opportunities for the museum. Journalists and television crews frequently visit us. For example, this month, we have an automotive writer from *Auto Week* coming to write one their popular driving-impression articles. This time it would be about our 1941 Lana Turner Chrysler. We would drive the car and the writer to a neighborhood park and the writer would get behind the wheel for his driving impression.

Currently, for purposes like this, we have been getting the temporary DMV permits issued for specific cars and specific dates. With the interchangeable plates, we would have the ability to drive our cars on public streets and highways without this permitting process. It would give tremendous flexibility to the museum and enhance productivity. Last month, the Reno Boat, Sport and RV Show called us at the last minute to fill a cancelled space. Unfortunately, there was not time to get to the DMV for the permit to take the car to the convention center before the opening of the show.

The second item in the bill provides for waiving fees for the transfer of certificates of title to the museum from the City of Reno. When the museum construction debt was financed by the City of Reno's general obligation bonds, we transferred all the titles of the cars to the City of Reno, as collateral. When the bonds are fully paid, the titles are given back to the museum. We have not transferred titles into the name of the museum because of the expense involved in doing so. This provision would allow us to transfer about 200 vehicles to the museum.

As a nonprofit museum, the special plates and the fees are significant to us. This bill would be beneficial and helpful.

RANSON WEBSTER (Chairman, National Automobile Museum, The Harrah Collection):

I am here to support this bill. In terms of road use, we have 240 automobiles that are on public streets and highways about 20 or 30 hours a year. We want to make it clear that we take these rare, historic cars on the street only for special purposes. We try to participate in everything in our local community, because it is important for us to support our local constituents.

The executive committee and board have looked at this bill, and we feel it would be a benefit to us. The title change issue is obvious. We would love to have the titles in our name.

CHAIR NOLAN:

For the record, we have the other members of the board signed in supporting the bill, but not speaking. We will make sure their names are part of the record, [Exhibit B](#).

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

There is a fiscal note submitted for S.B. 319 by the DMV to cover programming costs for implementing this bill. The DMV database was designed to attach a license plate to a specific vehicle in order to identify it for law enforcement purposes. Programming the DMV application to allow for issuance of an interchangeable plate and registration changes in implementing a no-fee title transaction would require approximately 200 hours at a cost of \$135 an hour.

No procedure exists to allow vehicles to be driven for a limited period of time during special events. A special use permit is available from the DMV at a cost of \$2. The beginning and ending dates of the event are printed on the permit. It is vehicle-specific and is attached inside the windshield on the passenger side. Even though the vehicle is being moved using a special use permit, the driver must comply with insurance requirements outlined in *Nevada Revised Statute* (NRS) 485.185.

The projected one-time cost to the DMV for enacting the legislation is \$27,180. We would request that the Committee consider an effective date of January 2008 to allow the DMV to make these programming changes.

SENATOR HECK:

I see that you are estimating a minimum production of 100 plates. Do we know how many plates the museum is going to request?

MS. BARNES:

We contacted the museum. We were under the impression they owned approximately 200 vehicles. They said there would be only eight vehicles for which they needed these plates.

SENATOR HECK:

I am trying to understand. Do you need 100 plates for 8 vehicles?

MS. BARNES:

We added the manufacturing costs for 100 plates, but the rest was programming.

TROY L. DILLARD (Administrator, Compliance Enforcement Division, Department of Motor Vehicles):

Shortly before the hearing today, we were presented with a proposed amendment to the bill. We have some concerns with the wording of the amendment as it impacts what is and what is not a dealer. The exemption from registration would exempt a person instead of a vehicle. We would be happy to work with the sponsor of the bill on language.

CHAIR NOLAN:

Who brought you this proposed amendment?

MR. DILLARD:

This proposed amendment was brought to us by Greg Ferraro, Commission on Judicial Discipline and Nevada Advisory Council for Prosecuting Attorneys.

CHAIR NOLAN:

I spoke with Mr. Ferraro just prior to this hearing. He was going to hold this amendment until he spent some time working with you and the proponents of the bill to clarify the intent of his amendment. We will hold onto that until he brings it back.

SENATOR CARLTON:

We have the automobile display at the Imperial Palace down south. This bill applies to any organization. Would they be allowed to apply for this under the same conditions? If so, going up to 100 plates is probably a realistic idea. They have a lot of cars.

MR. WEBSTER:

I would point out that this for a nonprofit organization.

SENATOR CARLTON:

They would not be able to apply, then.

MR. WEBSTER:

We are talking about a 501 (c)(3) and not a for-profit organization. I wanted to comment on the interchangeable plates. This is similar to a dealer plate or a loaner plate which is moved from car to car. All dealers have a series of plates that can be put on any vehicle in their inventory and driven freely on the streets, with no limitation to how long or how far.

SENATOR WASHINGTON:

I am ready to make a motion on this bill. My only concern is the \$27,000 fiscal note. Will this bill have to be rereferred to the Senate Committee on Finance for eight plates?

CHAIR NOLAN:

That is my understanding.

SENATOR WASHINGTON:

Is there a way we can work this out? If this is similar to what we already do with dealer plates, \$27,000 seems exorbitant for 8 plates, plus 92 plates they may never use.

MS. BARNES:

One of the issues in the fiscal note was the programming for the titles. Now, we do not have a way to produce a title without charging a fee. That was part of the programming cost, because the museum requests that they not be charged for us to produce a title.

SENATOR WASHINGTON:

I am still concerned or confused. If it is a nonprofit organization and the cars belong to the museum, what is the requirement for them to be titled? They are for display and all they are doing is moving the vehicles for show or maintenance. Why do they have to be titled?

MS. BARNES:

We are confusing some things in this bill. One thing they want to do is transfer titles from the City of Reno to the museum and they do not want to pay the fees. That is part of the programming. We cannot do that with the system we have. The other item was the interchangeable plate. There is a \$2 permit they can get now.

SENATOR WASHINGTON:

You are including the programming and the eight plates, and that adds up to \$27,000.

MS. BARNES:

Yes, it does.

SENATOR CARLTON:

I know the State owns and leases numerous vehicles. When the State has title to a vehicle and they process it, it has an exempt plate. Is the State paying the same tax or is there a procedure for them to process a title and get an exempt plate?

MS. BARNES:

They still have to make the change with the title and pay for it. The difference is the exempt plate. There is a lesser charge for the exempt plate. I think it is \$6.

SENATOR CARLTON:

We have found an avenue to get a \$6 plate. We have to figure out how to get these people on that path. Would there be a way to allow the museum to access that procedure?

MS. BARNES:

It would be up to you to change the law.



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SENATOR WASHINGTON:  
Well, let us change it.

SENATOR HECK:  
I would agree. The \$27,000 for programming costs does not make economic sense, when the cost for transferring those 250 titles is only \$7,000.

SENATOR CARLTON:  
We have the exempt status. We need to allow the museum, a nonprofit organization, to apply for an exempt plate.

MS. BARNES:  
That would certainly be a lot easier for us, because that is already established. We would not have to change the programming for it.

SENATOR WASHINGTON:  
We need to be specific so we are not opening this for all 501 (c)(3) or nonprofit organizations. We should specify the National Automobile Museum in the language of the legislation.

SENATOR HECK:  
Are there any comments, either pro or con, on this option?

MR. WEBSTER:  
We would support this path.

SENATOR CARLTON MOVED TO AMEND AND DO PASS S.B. 319  
BASED ON THE DISCUSSION TO ALLOW A NONPROFIT AUTOMOBILE  
MUSEUM TO ACCESS EXEMPT PLATES.

SENATOR CARLTON:  
I would like the Legislative Counsel Bureau to prepare the amendment for the Committee's review, to make sure we do not cross the line into the law of unintended consequences.

SENATOR WASHINGTON SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS AMODEI AND LEE WERE ABSENT FOR THE VOTE.)

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CHAIR NOLAN:

We will close the hearing on S.B. 319 and open the hearing on S.B. 451.

**SENATE BILL 451**: Requires the preparation and filing of certain reports by certain charitable organizations in connection with certain special license plates. (BDR 43-860)

CHAIR NOLAN:

Senate Bill 451 would require charitable organizations that are receiving revenue from the issuance of special license plates to submit, on an annual basis, to the Legislative Auditor a balance or audit performed by a certified public accountant. The Legislative Auditor must then prepare a report for submission to the Commission on Special License Plates based on the financial information provided by each charitable organization.

After reviewing the financial submissions, the Commission may determine that the charitable organization has not comported with the filing requirement or has undertaken improper financial practices. If the Commission makes such a determination, it must notify the charitable organization and hold a public hearing in order to provide the charitable organization with an opportunity to respond. If, after the hearing, the Commission upholds the determination, it may require the DMV to withhold additional fees and suspend production of the charitable organization's license plate.

This bill also adds a provision which requires the Commission to consider applications for special license plates in the order in which they are received.

This bill came from the interim Commission on Special License Plates. The Commission's purpose is to keep those issues of special license plates, which dogged the Legislative Session, out of this purview and provide more time during the interim. Senator Carlton, Virginia Lewis, Director of the DMV, and I sit on the Commission. This was a unanimous recommendation by the Commission in an effort to legitimize some of the organizations who are

requesting special license plates and ensure that the revenues being received from those plates are going where they were intended.

SENATOR HECK:

Have we had problems with people embezzling money from special plates? Charitable organization is loosely defined, in this case. It is not a 501 (c)(3) or such that would have to file a financial statement, anyway. This could be a burden to some charitable organizations.

PAUL V. TOWNSEND (Legislative Auditor, Audit Division, Legislative Counsel Bureau):

We went through a process earlier this year where we worked with the Commission staff and obtained a variety of financial information from entities. We reviewed the information and compiled it into a single report. We did not find any evidence of fraud or inappropriate financial activity.

CHAIR NOLAN:

Until that point in time, there had never been a review of the organizations and their activities. There was concern on the part of the Commission members that some organizations coming to us with requests for special license plates were not being financially responsible.

The organizations that have special license plates are noticed of all of the meetings of the Commission and its activities. No entity had any objection to this particular provision.

SENATOR CARLTON:

The \$50,000 balance sheet provision was put in because the smaller boards do not have the resources for a full-blown audit. We would like to be able to check to make sure that what an organization tells us it is doing with the money is actually what is happening. We tried not to make it a burden, because there are some people getting plates who are not making a lot of money from them.

RUSTY McALLISTER (Professional Firefighters of Nevada):

We are holders of one of those license plates that had to submit documentation with regard to the revenue generated and where it was going. We have a bill that has already passed in the Assembly and will be headed your way to try to change where the revenue from our license plates is dedicated.

What we found with regard to this last request for information was that our revenue goes to a Level 1 burn care center in the State, which at this time is the University Medical Center (UMC). We had to pay our accountant to do a review of our finances, even though we do not see the money. The checks were generated from the DMV directly to the UMC and never came through us. Yet, because we are the sponsoring agency, we had to pay our accountant to work with the DMV to provide some form of report. We did not know how much our plate generated, because we do not get reports from the DMV. Now, I know that our plates generate about \$69,000 a year.

We do not have a problem with trying to provide the information. A full-blown audit costs \$2,000 or more. Some of the revenue generated from these license plates does not go to the specific organization, yet they are financially liable for paying for an audit.

CHAIR NOLAN:

That is interesting. We received the results of the audit, and this is the first time we have heard this sentiment. It is something of a quagmire. From a policy perspective, seeing the information is important, but I would like to see the \$2,000 go somewhere else.

MR. McALLISTER:

You mentioned that everybody is notified of Commission meetings. The first notification I had of the audit was a letter from the Commission which told me to provide you with the information by a certain date. I do not get noticed for your Commission hearings, even though we are the sponsoring agency for the license plate.

CHAIR NOLAN:

It may that we are not addressing it to the correct person. We need to make sure we get the right person's address.

SENATOR HECK:

I have concerns about the audit. The \$50,000 an organization receives annually is from all sources, not just from the special license plate. It could be a burden to go through a full-scale audit.

SENATOR CARLTON:

When we were discussing this, we thought the money went from the DMV to the organization, then to the charity. We did not know organizations were

bypassed in this process. If the money is going directly from the DMV to the charity, we can track it through the State by asking for the records. The only time we would need a balance sheet or regular audit is when the money is given to the sponsoring organization for it to disburse. We do need to know where it is going.

MR. MCALLISTER:

That would help. The way we have drafted the legislation coming to you, the money would go to the Professional Firefighters of Nevada Benevolent Association. It is a 501 (c)(3) that is registered with the Secretary of State and the Internal Revenue Service, with its own tax identification number (TIN). We submit annual reports to the Secretary of State's Office. Does that address what you need? We are willing to do whatever you would like us to do.

SENATOR CARLTON:

We wanted to make sure that organizations were spending their money the way they told us it was being spent and not on a \$50,000 a year salary out of \$100,000 a year. How do we do that?

MR. MCALLISTER:

We have two organizations, the Professional Firefighters of Nevada and the Professional Firefighters of Nevada Benevolent Association, two separate entities registered with the Secretary of State, with their own TINs. The one for the Benevolent Association was set up, but there was not yet any money in it. When I received the letter to perform an audit of our program, the way it was described to me by the person from the State with whom we worked was that I had to provide a financial report on The Professional Firefighters of Nevada. Through dues, we generate more than \$50,000 a year. I felt a little uncomfortable with that because I file my Political Action Committee (PAC) report with the Secretary of State's Office. I am not trying to hide anything. People have access to that information from the Secretary of State, but to keep producing more information with regard to our PAC accounts and various things makes me uncomfortable.

CHAIR NOLAN:

I am sensing that the bill is overkill, especially in light of the audits already conducted where there no anomalies with any of the organizations. Mr. Townsend, what is the minimal level of documentation the Commission should receive on an annual basis to provide us with the information we need?

MR. TOWNSEND:

The information requested by the Commission and provided to us was financial information, not necessarily audits. We were reviewing audits and financial information prepared by someone else. We did help develop a balance sheet form for key financial information: cash, liabilities, revenues. It shows a schedule of where the money came from and where it went. A key item we asked for was a bank statement. If they say they have \$25,000 in cash on the form, we would like a bank statement that supports it.

The balance sheet provides useful information. The \$50,000 amount has worked for the boards and commissions. I think that is how we arrived at that amount.

CHAIR NOLAN:

This information does not come to the Commission; we funnel it through your division so you can prepare a report. Perhaps what we will do is simply ask for a balance sheet and a bank statement on an annual basis. Do you think that would be sufficient to give us a snapshot picture of what the organizations are doing? Most of the organizations are not like Mr. McAllister's. The revenues being received go directly to offset the purpose or mission of the particular organization.

MR. TOWNSEND:

The balance sheet we currently use does come with instructions and clarifies the items we would like to have included. Yes, I think it would work.

SENATOR CARLTON:

Can we ask to get the information in July? We usually have discussions in October.

MR. TOWNSEND:

If an entity has a June 30 fiscal year, it may not have its records in a position to prepare the information. That may be why the Commission staff shifted the date to January 1.

CHAIR NOLAN:

If we get something in September, we should be okay. During election years, we try to wrap up whatever our Commission's business is by September or October. We will come back with a bill that would require an annual balance

statement on the form provided by the Audit Division and a current bank statement. Ms. Barnes, did we address the concerns you had?

MS. BARNES:

We would like a clarification from the Committee. Section 8, subsection 4, on page 4, talks about suspending the collection of the additional fees. Are you asking us not to distribute those fees to the organizations or are we to suspend the collection completely?

CHAIR NOLAN:

In light of what we are now planning to do, the provisions would remain with regard to giving the Commission the ability to review the newly drafted documents. If the Commission then finds something out of order and decides an audit is required, based upon the results of the audit, the Commission would ask that you halt production.

We will close the hearing on S.B. 451 and open the hearing on S.B. 480.

**SENATE BILL 480**: Requires the Legislative Auditor to conduct an audit with respect to special license plates. (BDR S-862)

CHAIR NOLAN:

This bill came from the Commission on Special License Plates. Ms. Wilkinson, what we need to do is roll S.B. 480 into S.B. 451, the bill we just discussed. We will close the hearing on S.B. 480 and open the hearing on S.B. 481.

**SENATE BILL 481**: Revises requirements for the issuance of special license plates for motor vehicles. (BDR 43-863)

CHAIR NOLAN:

Senate Bill 481 provides for the Legislature to pledge that, if a new special license plate is authorized by an act of the Legislature after January 1, 2007, the Legislature will direct that the new plate not be issued until after the Commission on Special License Plates has approved the new plate.

The bill also puts into statute the requirement that the Commission approve or disapprove applications for special license plates that have been authorized by the act of the Legislature.

The impetus behind this bill was that, while we have been trying to consolidate the special license plate issues into this Commission on Special License Plates, every session there is an effort by organizations who would like to expedite their requests for special license plates. There is nothing to prohibit them from bringing their request to the Legislature and finding a sympathetic legislator or someone who does not understand the process that is in place to introduce a bill. It creates an end run. If one organization can do it, we will be back to a situation where anybody who wants one can do it.

While we cannot hold any future Legislature to not bringing legislation forward, this bill requests that the Legislature take a pledge to make every effort to have these issues be brought before the Commission.

SENATOR HECK MOVED TO DO PASS S.B. 481.

SENATOR CARLTON SECONDED THE MOTION.

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

\* \* \* \* \*

CHAIR NOLAN:

We will close the hearing on S.B. 481 and open the hearing on S.B. 392.

**SENATE BILL 392**: Authorizes certain governmental entities to establish, construct and operate toll roads and toll bridges. (BDR 35-815)

Senate Bill 392 is enabling legislation for the Nevada Department of Transportation (NDOT) and certain defined counties and cities to use toll- and managed-lane projects. Some of you had the opportunity to attend a presentation two weeks ago on public-private partnerships, which included some discussions on toll roads. We heard from state officials from other states. The state of Oregon recently adopted some public-private partnership and toll road legislation. At least a dozen states have entered into major public-private partnership projects in recent years. Those states attended a conference about a month ago in Washington, D.C., that was provided by private funding agencies and financial institutions as well as presenters from about a half dozen states



that have entered into toll road/toll lane projects and public-private partnerships, primarily highway projects.

CHAIR NOLAN:

It became evident to me that Nevada has an opportunity, in light of our looming financial situation with regard to highway funding, to look into some alternatives, whether they are toll roads, toll lanes or other avenues of public-private partnership funding for highways. These are things other states have embraced and are moving forward on in a progressive way to keep up with demands on highway construction and highway maintenance.

The intent of this bill is give the NDOT and certain local governments the ability to improve transportation infrastructure, relieve congestion and optimize funding through operational toll districts. Existing law does not authorize municipalities or NDOT to establish, construct and operate toll roads and toll bridges. This bill provides that authorization to the NDOT. Cities whose population is 10,000 or more and counties whose population is 100,000 or more would be granted the ability to create a toll district wherein tolling and managed-lane projects could be implemented. Authorized government entities would also be allowed to enter into public-private partnerships for the design, development, construction, maintenance and/or operation of a toll project.

The tolls themselves could be collected through methods ranging from electronic collection and photo-monitoring systems to conventional manual collection. It should be noted that the bill does not allow conversion of existing transportation facilities into toll roads without an extensive authorization process that requires, among other things, public hearings and special elections.

Tolling and public-private partnerships will not completely resolve our transportation shortfalls, but they may help to alleviate some of the strain on our already overburdened transportation infrastructure and budget. For those of us who are familiar with toll projects, tolling today is not our grandfathers' tolling. Large toll lanes with collection buckets can still be implemented, but they are rather antiquated systems. Now, monitoring devices and sensors can be installed in both private and commercial vehicles so people can drive through toll lanes that automatically debit the tolls from their accounts.

SCOTT RAWLINS (Deputy Director, Nevada Department of Transportation):  
The NDOT supports S.B. 392. I have provided you with a copy of my prepared statement ([Exhibit E](#)).

SENATOR LEE:

I think this toll road bill is premature. We have other things we can do. This may be a good interim committee bill, but we have responsibilities to the people who use the roads. We do not want to place an undue burden on someone who uses a road more than others. If you go to an office and use a road once from home and once back, that is one thing; but, business and service people use a road several times a day to make our lives better.

I do not believe this bill will solve our problems. We should solve the transportation issue in front of us, but this is not the way to do it.

CHAIR NOLAN:

You echo the sentiments of most Nevadans. There is a disdain for paying tolls in western states. However, I have come to appreciate what this bill does. We are not talking about throwing up toll gates on Interstate 15 (I-15). In order to pay for some of the infrastructure needs, particularly I-15 south between the California border and through Las Vegas, adding a lane would pay for itself. We, as residents, would not be paying the toll, but our visitors from southern California would not mind paying a toll that would take them out of the lanes local people use.

We are trying to come up with some creative ways to give us more road capacity and alleviate congestion, particularly in some of the major transportation sectors such as I-15 south, where we have a lot of traffic coming in from southern California. The majority of those tolls could be paid by out-of-state visitors in a fashion where they are not stopping and blocking traffic by throwing money into baskets, but would buy a transponder near the state line to be used when they drive through the toll lanes.

I appreciate your opinion, but this is where the debate has to start to enable it to be carried on by the NDOT and the transportation commissions. If this legislation were passed, we would not see a toll road for at least six years.

SENATOR LEE:

Would you keep trucks off the toll lane you have described? I am not sure that lane would save us any time. Maybe this should be an interim debate.

CHAIR NOLAN:

This will be debated during the interim, too.

MR. RAWLINS:

We have gone through each section of the bill and performed a synopsis. I will go over that with you.

CHAIR NOLAN:

For the Committee's benefit, please walk us through the approval process and implementation of toll lanes on I-15 south, from the point of recommendation by the NDOT.

MR. RAWLINS:

Currently, the NDOT is developing a pioneer program to look at what other states across the nation are doing and the lessons learned with regard to public-private partnerships, tolling, and so forth. We do not want to make mistakes someone has already made. We want to learn from what has already been done and try to implement something that works for Nevada. We need to become experts, ourselves, so we can ensure to the public that this is the right way to go, developing that project over the next 12-18 months as far as formulating how our organization is run, how we will organize ourselves and what kind of expertise we need internally and externally.

We need to look at the projects we have on the books now and analyze them to see what are viable projects, which ones lend themselves to tolling, to public-private partnerships or other innovative project delivery methods. As we are setting up our program, we will tap into the private sector to learn their feelings and ideas.

If we have the legislation in place, we will still need to go through the project development, working with the Federal Highway Administration and local agencies. We also need to reach out to the public and learn their feelings and concerns regarding particular projects.

If you had some interest from the private sector on I-15, we would need to establish our program, analyze the project and solicit for proposals. We would need to see what ideas are out there, for example, HOT lanes, managed lanes, truck-only lanes, toll road or separate facility. We would need to enter into an agreement, which takes a long time with legal staff to come to an agreement. Then, we would move forward to a design and building phase. The process would take four to six years, as you mentioned earlier, before we could start constructing or utilizing a facility. With tolling, there are questions of how to collect tolls, what kind of organization will administer the tolling and how to disburse the tolls. Many things need to be discussed and debated.

CHAIR NOLAN:

My point in asking the question is to demonstrate to the Committee that this is a very long, open process, and the Legislature can weigh in anywhere along the way. These types of projects are being done all over the country, including a number of western states. Utah has recently entered into a public-private partnership tolling project. Colorado, Oregon, Arizona have also. Sometimes, financial institutions will provide the initial capital and have a lease-back option on the toll roads.

SENATOR CARLTON:

You mentioned that the private sector is interested in this. Is there someone in southern Nevada who is interested in this?

MR. RAWLINS:

There is a lot of buzz around the country on these things. People see that there is an ability to invest in the long-term infrastructure. It is a solid investment for a lot of these firms, trust funds and things like that.

SENATOR CARLTON:

The private sector dollars you are talking about are out-of-state dollars, not necessarily resort-corridor type dollars. Is that correct?

MR. RAWLINS:

That is right.

SENATOR CARLTON:

Here is plain question: Is gaming pushing for this? Are they really the ones interested in this? I know they have expressed interest in the I-15 corridor.

CHAIR NOLAN:

I have not been approached by anybody from gaming with regard to toll roads or public-private partnerships. One of the recommendations that came from the Blue Ribbon Task Force for highway funding was that the State investigate public-private partnerships and tolling.

SENATOR WASHINGTON:

Having traveled down south on I-15, I know there is major congestion. Given the current deficit on maintenance, operation and construction of roads, I am not opposed to public-private partnerships. But, I am concerned about the current mindset of the general populace that views Nevada as open space, uninhabited and uninhabitable, free-spirited and freewheeling. I am not sure Nevada citizens are ready to accept this. How did the private investors convince the other western states to buy into such a program of public-private partnerships and toll projects?

Back East, it is a lifestyle. It is the way you travel in the Midwest. It is a different mindset in the western part of the United States.

CHAIR NOLAN:

You are exactly right. The issue came up in all of the conferences nationwide. I listened with great interest to the presentation made here by Oregon's Director of Special Projects. Oregon has a situation similar to Nevada's. They have two major urban areas and a distinctly western mindset. They got to the point of realizing that the urban Portland metropolitan area had outstripped its traditional funding for highways and they had to do something different. They also realized that a large part of enabling the legislation was to help the public understand what the options were.

Texas is one of the leading states on public-private partnerships. Europe has funded most of its major highway projects through public-private partnerships for the last 20 years. Companies that do this utilize pension funds, investing tens of billions of dollars of pension funds into infrastructure projects. When investing that much money, they are not as concerned about having an enormous interest rate; they want to see a secure, steady investment that is not going anywhere and that has government assurity that there will be a long-term payback. It is a financial concept that Nevada is not used to, but we will learn to understand it a lot better as we work through this. A big part of this has to be public education.

SENATOR LEE:

I am trying to work with you on this. What would happen if we made the Las Vegas Strip a toll road? There are 200,000 cars a day that use it; 200,000 times 365 would generate a lot of cash. We can put the cash into our system to help the citizens who live within the rest of the valley.

CHAIR NOLAN:

Anything is possible.

MR. RAWLINS:

The State does not own Las Vegas Boulevard anymore. We transferred it to the county. It would be out of our jurisdiction.

CHAIR NOLAN:

There are a lot of options. Tolling is not the only payback option. Bonding is our traditional way to finance highways over and above our immediate capacity. We put out a ten-year bond and match it with funds generated from the State. Public-private partnerships are 30- to 50-year leasebacks on highways that can be done at a lower or comparable interest rate, with a lower payment from already-dedicated highway revenue. We can take a small portion of highway revenue and dedicate it to a leaseback option, perhaps not toll, but still a public-private partnership. That is one of many different options available which many states have entered into.

One thing that became very evident was that, if Nevada enters this, we would be competing for capital. There is only so much money like this available. The conference Mr. Rawlins and I attended had representatives from at least 22 different states which had not yet initiated this type of legislation, but were interested in moving cautiously in this direction.

SENATOR HECK:

I believe you said there would be a public hearing process if this were to be done to any existing roadway; if we were to take a lane from I-15, there would be a public hearing process. Is that correct?

MR. RAWLINS:

Yes, that is correct.

SENATOR HECK:

In all of these options, there will always still be free access available. We will not be closing roadways and charging people and not offering them a freeway to get where they are going. Is that correct?

MR. RAWLINS:

There is a provision in the bill for a managed-lane project or HOT lane. If you were to do it on an existing facility and used an existing lane, you would have to have a free lane next to it.

SENATOR HECK:

If we took a lane, it would not be done unilaterally by the jurisdiction; there would have to be a public process.

MR. RAWLINS:

That is correct.

SENATOR WASHINGTON:

It is my understanding that, if we went into public-private partnerships, we would still have the ability to bond for new construction or continuous maintenance and operation of roads. If I-15 were extended through bonding, then tolled, would taxpayers and consumers have to pay twice? Would I, as a taxpayer, pay with my tax dollars and also with a fee to travel on the road? How does it work?

MR. RAWLINS:

I do not know the answer.

SENATOR WASHINGTON:

I would like to know how it would work, or whether it does work that way.

MR. RAWLINS:

I can put together a white paper on the issue.

LISA A. FOSTER (City of Boulder City):

Boulder City is interested in seeing legislation that would allow tolling as one method to address the transportation crisis in the State. Boulder City, with its 15,000 residents, lies on I-93, a designated leg of the CANAMEX corridor, the trade route linking Mexico, the United States and Canada.

After the tragedy of the terrorist attacks of September 11, 2001, the federal government closed Hoover Dam to commercial vehicles. Those vehicles were diverted to the south. The federal government is now constructing a four-lane bridge that will serve as an alternate to both routes. When it is completed, all of the vehicles now being diverted will come through the middle of Boulder City. According to the NDOT's analysis, in addition to the growing influx of car traffic, more than 2,000 trucks a day will come through this small community.

There are plans for 55,000 new homes in northern Arizona. The development is 45 minutes from Las Vegas and is being marketed as a bedroom community to Las Vegas. This means many more people will be making a daily commute through the area. It is clear a bypass is needed, and it is on the NDOT's list of projects. Boulder City has been working on financing opportunities to speed up the project for a number of years, has gained \$26 million in federal earmarks and has agreed to donate the land needed for the bypass.

Tolling is one of the fairer options for motorists. There would be two ways to travel the Boulder City bypass, so those with limited funds would not need to pay a toll. Yet, by having the additional option, the traffic on the non-tolled road would be significantly reduced.

DEREK W. MORSE (Deputy Executive Director, Regional Transportation Commission of Washoe County):

The Regional Transportation Commission (RTC) of Washoe County supports S.B. 392. There is a transportation infrastructure crisis in Nevada. The growing needs far outstrip the funding resources available, and we see no relief in sight. We must find new opportunities for revenue to build the infrastructure necessary to maintain a vibrant economy and our quality of life. Tolling represents a significant new opportunity, although it is not a solution to every problem.

Public-private partnerships are viable only if they create a winning situation for both the private investors and the public. Toll facilities offer an excellent way of creating the revenue streams that can support private investment and public infrastructure. With properly structured concession agreements, the public can be assured they will pay a reasonable price for the use of toll facilities and, in some cases, receive significant additional revenues that can pay for other needed transportation improvements.



Senate Bill 392 is a significant step in the right direction. The RTC of Washoe County looks forward to working with this Committee, our colleagues in the NDOT and our private sector partners to shape a final product that enables innovative projects that can bring value and lasting benefits to the entire State.

SENATOR WASHINGTON:

Would the RTC work with the NDOT to identify bypasses needed to relieve congestion? How would it work so we are not paying for entire roadways this way, but just for particular thoroughfares?

MR. MORSE:

It starts with regional transportation plans. We know the improvements we need to support the expansion of the economy and growth and economic activity taking place. The next step is to look at the entire network we need, not only the widening and additional lanes on the major thoroughfares, but new roads. We need to identify those facilities that would make viable toll facilities. It will not be every road in the community; it will be a small fraction of the roads. It will be some critical project that we simply do not have the millions of dollars to build. Each project will look different.

Concerns heard today are concerns that have been expressed in every community across the country where toll facilities and public-private partnerships have been discussed. There is not a cookie-cutter approach. Each project is tailored to address the specific needs of the community and the needs of the private sector.

This process will involve the whole community, the NDOT, the RTCs and the cities and counties in identifying those things that seem to work best.

MICHAEL D. GEESER (American Automobile Association, Nevada):

Only in certain circumstances can the American Automobile Association (AAA) say we can support toll roads. This is one of those circumstances. I sat on the Governor's Blue Ribbon Task Force for transportation funding and became painfully aware of the budget shortfall in our State. From participating in the year-long process, I can offer answers to some questions asked today.

To Senator Lee, tolling is just one of the prongs that would solve the transportation problem and it is one of the discussions that can be had. It is not

going to solve the entire problem. We were looking for any way to create revenue, and this is one.

Senator Washington asked a great question: how are going to sell it to the public? We learned from our members in AAA Texas that we are not going to sell it to them. That is why we oppose any existing lane being tolled. People are used to driving on a road and will not pay to go on it tomorrow. So, a provision we would like to add to the conversation is, if this is going to go forward in Nevada, any existing highway lane in the State must not be tolled.

There are two other provisions I would like to put into the dialog: AAA believes that tolls should not be considered general revenues. The legally allowable uses of toll revenues should be limited to construction, maintenance, operation and the finances related to the cost of the facility within a specific tolling corridor. If you are paying money to go through a toll, that revenue should not go somewhere else in the State; it should first go to that general tolling corridor and pay for those costs. If there is additional revenue, the discussion can be had of moving the money elsewhere.

Finally, to better protect the public interest, all roads, including toll roads, should be publicly owned and operated. If they are privately owned and operated, AAA believes that state government must ensure that the public interest is protected, including assuring that critical safety and capacity improvements can always be made.

Those provisions would help this along. We would like to have those things on the table as we move forward with other ways of raising revenue.

CHAIR NOLAN:

We will want to incorporate these individuals' recommendations into whatever this Committee considers.

TINA QUIGLEY (Regional Transportation Commission of Southern Nevada):

The RTC supports S.B. 392. We would say "ditto" to Mr. Geeser of AAA and Mr. Morse of the Washoe County RTC. We support the concept of toll lanes. It is an important step in increasing capacity at a time when we have the \$3.8 billion shortfall. We would also like to recognize Senator Lee's concerns. We do not totally disagree.

We believe that toll lanes can be combined with carpool or high-occupancy vehicle lanes. We will see the NDOT deploying these more and more in the valley to create lanes that help those who not only carpool and take transit, but also may be willing to pay a toll. Carpool lanes are currently underutilized. By offering them to single-occupancy vehicle drivers who would be willing to pay a fee, we can optimize the use of the lanes. We will also be using the lanes for our mass transit vehicles.

FRED OHENE (Regional Transportation Commission of Southern Nevada):  
I would like to concur with Ms. Quigley's comments.

PAUL ENOS (Nevada Motor Transport Association):  
We oppose S.B. 392, as written. We have some major issues with the bill. Mr. Geeser expressed some of our concerns, the greatest being the tolling of an existing facility. In theory, the existing facilities have already been paid for through traditional tax mechanisms, including gas tax, diesel tax and registration fees. We oppose taking a lane that is already free and turning it into a toll lane.

Tolling for new capacity is another issue, entirely. There are some things we like in this bill. Managed lanes, HOT lanes and some of those things make sense, but we want to be very careful in how we structure this. This is a huge public policy issue. People do not want to pay for parking and do not want to pay tolls.

Another issue we have with the bill is that, when we enter into public-private partnerships, sometimes contained in the agreement is a noncompete clause. Noncompete clauses have been detrimental, in some instances. On State Route 91 in California, the state was prohibited from maintaining the alternate routes that were competing with the toll road. This is the kind of thing we need to take into consideration before we move forward. A noncompete clause is something Nevada wants to avoid.

We also have some issues with the fact that the NDOT is just becoming expert on this issue. I appreciate their wanting to gain all the knowledge they possibly can. It makes me a little frightened to hear them say they will turn it over to municipalities, who may not have the required expertise.

We do agree with many of the concerns expressed. We want to be sure we do not enter into something that will present problems in the future.

SENATOR WASHINGTON:

I have a concern with the NDOT working with RTCs and local governments and the collection and distribution of revenues. There must be a model somewhere in this country. Mr. Rawlins, can you provide us with a working model?

MR. RAWLINS:

Yes, I can do that.

CHAIR NOLAN:

We will close the hearing on S.B. 392 and open the hearing on S.B. 452.

**SENATE BILL 452**: Makes various changes to provisions governing the regulation of motor vehicle manufacturers, dealers, distributors, brokers, rebuilders and lessors. (BDR 43-644)

MR. DILLARD:

This is a cleanup bill from the DMV. It comes from many cases we have had where there have been arguments over language and intent. We worked with the dealers and other members of the industry. I have provided you with a letter from Steve Yarborough, Chairman, Nevada Advisory Board on Automotive Affairs, in support of this bill ([Exhibit F](#)).

RALPH A. FELICES (Chief Investigator, Compliance Enforcement Division, Department of Motor Vehicles):

The proposed changes and additions to law in S.B. 452 are the result of many hours of research, discussion and consultation with vehicle repair and service industry members and others affected by the legislation. It provides increased protections for licensees and for the consumers of their various products. There are increased penalties for those who endanger consumers and industry members by imposing frauds and abuses in violation of their trust.

Much of the language in the bill is an attempt to enhance legislation passed in previous sessions. Senate Bill 452 contains proposals to unify certain licensing requirements for driver-training schools and to require these businesses to provide proof that the vehicles used are kept in safe condition, in accordance with certain specific safety standards.

Senate Bill 452 incorporates a number of changes to several existing chapters of law and adds new provisions that will have a positive effect on businesses

related to the automobile. We have tried to address some inconsistencies created over time. I have provided you with a copy of our proposed amendments to S.B. 452 ([Exhibit G](#)). I would like to highlight three important sections of this bill:

Section 19 relates to NRS 482.321, the dealer's special registration law. The DMV originally submitted changes to better clarify and place safeguards on the application and use of this privilege. However, as a result of meetings with industry leaders, the DMV has submitted amendatory language which repeals section 19 as well as all of NRS 482.321.

The dealers' special registration privilege, allowing dealers to register a specified number of vehicles free of privilege tax, was added to the law by the Nevada Legislature in the early 1960s. The number of privileged registration plates allowed each dealer changed over the years from its original 3 to 12. Dealers were somewhat restricted in the number and use of these plates, but legislation passed in 1985 allowed for an unlimited number of transfers of the plates as long as the dealer paid the registration fees for each transfer. Dealers continued to be exempt from paying privilege tax, as well as sales and use taxes.

Subsequent attempts to repeal the law were unsuccessful. However, legislation passed in 1995 removed the unlimited transfer provision. It should be noted that testimony in support of the dealer's special plate in previous legislative sessions was based on a philanthropic, charitable or civic-minded use of the privilege. With legislation passed in 1999, that intended use became no longer a justification for the plate.

SENATOR WASHINGTON:

In section 68 of S.B. 452, does the word "Commission" refer to the State Environmental Commission?

MR. DILLARD:

That is correct. This is to clarify the process by which regulations are adopted. The Division of Environmental Protection and the DMV share regulatory authority over emissions from engines.

MR. FELICES:

I would like to continue. I have two more sections to highlight:

Sections 25 and 27 deal with an increase in dealer bonds, to be more commensurate with the current values of automobiles and other vehicles sold by dealers.

Section 28 is amending language to NRS 482.350. This corrects an overlooked error in the drafting of this section. The word "with" in line 42 on page 17 should be replaced with the word "to." This clarifies the conditions under which a used vehicle may be taken in trade by a used vehicle dealer on the purchase of another used vehicle. This would involve high-end used vehicle dealers who sell almost-new vehicles. It occurs when previously registered vehicles short of the qualifying 2,500 odometer miles and, thus, still regarded as new vehicles, are taken toward the purchase of newer model used vehicles.

A new vehicle dealer may take in trade a new vehicle that he is not franchised to sell, on the purchase of a new vehicle which he is franchised to sell. There has always been some confusion on the part of the dealers on how to dispose of such cars.

Also on line 42, there is added language requiring that the wholesale of a new vehicle by a used vehicle dealer be to a dealer franchised to sell the make of vehicle being sold. Language beginning on line 44 allows for the wholesale of a new vehicle taken in trade on a used vehicle through a wholesale auctioneer, who would sell the vehicle to a dealer authorized to sell that make of vehicle.

These added measures provide a method to dispose of traded vehicles lawfully, with little or no impact or infringement on either the used car dealers or the franchise dealers.

SENATOR HECK:

I am looking at section 44, regarding driver-training schools. You have change the license term from five years to one year. Is that because of the inspection requirement?

MR. FELICES:

This is mostly unification of language for the licensees. Currently, these businesses pay an annual fee, but file the renewal applications once every five years. This provision would require them to file applications yearly with their annual fees. A lot of things can change in five years. We feel it is important to review the applications annually.

SENATOR HECK:

Is there any change in cost to the licensees?

MR. FELICES:

There is no change.

CHAIR NOLAN:

We had recent discussions regarding driver-training schools. This might comport with the resolution we issued asking the DMV to help find a better way to rate driver-training schools.

SENATOR CARLTON:

According to section 31, we are adding a temporary permit for someone to act as a salesman. Does the temporary permit not exist now?

MR. FELICES:

This is a change in term for the license we currently provide. Currently, we call it a temporary license; we are changing that to a temporary permit. The Attorney General has determined that these people are not entitled to hearings if their applications are denied. The word "license" was confusing. By issuing a temporary permit while we review the application, we do not have that conflict.

SENATOR CARLTON:

So, in order to sell cars, you have to get a permit. Is that correct?

MR. FELICES:

I will walk you through the process. A person who wishes to become licensed as a salesman must first become employed by a licensed dealer; he brings his certificate of employment to the DMV; the DMV allows the salesman to file an application for a license. Currently, we issue him a sixty-day temporary license while we do the background investigation. We want to change the terminology from temporary license to temporary permit. Once he passes the background check, we issue a permanent license.

SENATOR CARLTON:

In the Senate Committee on Commerce and Labor, we have been working on calling it a provisional license. It would not require a full hearing process to revoke a provisional license. I understand what you are trying to accomplish,

but I think you may have a problem with "temporary permit." You may still have to go through the hearing process to revoke it.

Then, on page 21, we are saying that he cannot work if he does not have the permit, but if he is not working he cannot get the permit.

MR. FELICES:

The process also requires a licensee who has a permanent license to go through a transfer process with the DMV if he changes employment. We are finding that a number of people who apply to become salesmen do not work out and their employment is terminated. We might complete our background investigation and find they are no longer employed. We are clarifying that, if a person fails to transfer while he is in permit status, his license is automatically denied. If he files to transfer and pays the fees to transfer, the process continues and his permanent license will be issued to the new employer.

SENATOR CARLTON:

I have concerns about tying someone's license to an employer. If they are good enough to do the job and be licensed, why are tying it to an employer?

MR. DILLARD:

The bill does not change the existing licensing structure. The only thing that is changing is terminology. A lot of individuals and counsel come forward saying the temporary license is a license and they are entitled to a hearing, and we constantly have to explain through an Attorney General's opinion that they are not.

CHAIR NOLAN:

Realtors' licenses are tied to their brokers.

SENATOR HECK:

The same thing applies to ambulance and firefighter attendants in Nevada. It is because you cannot perform that function independently. By granting somebody who is unemployed a license, you may be allowing them to function independently.

SENATOR WASHINGTON:

Sections 21 and 22 of the bill deal with the licensing of dealers. A penalty is associated with falsifying an application to become a dealer who is not



permitted by the manufacturer to distribute or sell its product. The first offense is a misdemeanor and the second is a gross misdemeanor.

Section 22 talks about the principal place of business and special branches, then specifies a 500-foot limit. Does a dealer have to be a new car dealer? How does this work?

MR. DILLARD:

They can be either new or used car dealers. If they set up shop across the street from their principal place of business, they can extend their license to that location. If they open shop all the way across town, separate licenses are required.

SENATOR WASHINGTON:

So, you can be a new car dealer as well as a used car dealer. Is that correct?

MR. DILLARD:

That is correct.

JOHN P. SANDE III (Nevada Franchised Auto Dealers Association):

We are supportive of this bill. We would like a minor change to the definition of a used car and will be discussing that with you. In Clark County, car dealers may take a high-end car, such as a fancy Jaguar, that may not have been driven even 2,500 miles. We think it should be called a used car if it is over a year old. We will be providing some language on that.

SENATOR WASHINGTON:

Tell me about consignment car lots. Do they need to be licensed?

MR. DILLARD:

If it is a lot that is renting space to the owner of the vehicle for the purposes of displaying the vehicle for sale, there is no requirement for licensure. If they are conducting any other transaction or doing consignment, they must be licensed. Some lots are both, they rent space to private owners and they are also engaged in the business of dealing or consignment for a person.

SENATOR WASHINGTON:

What type of licensure is required?

MR. DILLARD:

Typically, it is a used car dealer's license.

JACK STANKO (President, Nevada Franchised Auto Dealers Association;  
President, Champion Chevrolet):

We support S.B. 452. The bond is insufficient as it is today.

I have distributed an article regarding a major consumer problem with a used car dealer who cheated consumers out of millions of dollars ([Exhibit H](#)). This is what can happen when a used car dealer deals in new cars. I have also provided a copy of the General Motors Sales and Service Agreement ([Exhibit I](#)). Manufacturers want people to deal with a franchised new car dealer for safety recalls, warranty, lemon laws and such. They do not want third parties involved. The DMV has brought to our attention abuses with the dealer's special plate by both new and used car dealers who have evaded paying sales tax on personal units of their own. If you buy a vehicle for which you are not franchised for personal use, you should pay sales tax. We have no problem with eliminating the dealer's special plate.

We are in complete support of everything, from the bond to eliminating the dealer's special plate and the other language changes.

SENATOR WASHINGTON:

I am looking at the article on the used car dealer who cheated consumers. Do these dealers require special licensing?

MR. FELICES:

There is specialized licensing for brokers and for long-term and short-term lessors. In a perfect world, a broker is a person who, for a fee, will arrange for and look for a new car for someone. When brokers stray from that intent, they get into the kind of trouble described in the article.

JERRY HOWRY:

I am opposed to section 9 of S.B. 452, which proposes changes to the NRS 482.011 concerning emissions testing of vehicles. I have provided you with a written copy of my testimony ([Exhibit J](#)).

The Washoe Valley, although it is in Washoe County, is much closer to Carson City than it is to Reno. Carson City has no emissions-testing

requirement, but Washoe County does. I live in the Washoe Valley and do not believe I should be subjected to the testing requirements of Washoe County, since I have a Carson City address. I respectfully request you reject S.B. 452 or, at least, amend it to remove section 9 and any proposed changes to NRS 482.011.

CHAIR NOLAN:

We will ask Mr. Dillard to address your comments. I realize that you are not the only population affected by this.

MR. DILLARD:

This is purely clarifying language for the existing definition of "based." There was confusion about the word "maintained." Some people thought it meant the place where their car was serviced or where they purchased gas or parts, which was not the intention. Maintained means the place the car is kept; that is why the word was changed to based. The ZIP code area of emissions testing is set by the State Environmental Commission and involves the State implementation plans with the Division of Environmental Protection. In Washoe County, I believe they drew a line across a certain parallel and exempted certain communities based on air quality. It has nothing to do with this particular section.

CHAIR NOLAN:

If a particular community wished to be exempted, how they go about it?

MR. DILLARD:

This is outside my area of expertise. It is under the purview of the Division of Environmental Protection and, in the Las Vegas area, the Clark County Air Quality District. The counties are responsible for the State implementation plans, which are filed with the Division of Environmental Protection.

CHAIR NOLAN:

Mr. Howard, I will ask our staff to explore that option with you. We are not going to be able to do much here to amend what appears to already be in the statute.

We will close the hearing on S.B. 452.

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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 6 p.m.

RESPECTFULLY SUBMITTED:

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Carolyn Allfree,  
Committee Secretary

APPROVED BY:

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Senator Dennis Nolan, Chair

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