

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

**Seventy-Fifth Session
March 3, 2009**

The Committee on Transportation was called to order by Chairman Kelvin Atkinson at 1:35 p.m. on Tuesday, March 3, 2009, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/75th2009/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Kelvin Atkinson, Chairman
Assemblyman Mark A. Manendo, Vice Chair
Assemblyman John C. Carpenter
Assemblyman Chad Christensen
Assemblyman Jerry D. Claborn
Assemblywoman Marilyn Dondero Loop
Assemblyman Pete Goicoechea
Assemblyman Joseph M. Hogan
Assemblyman Ruben J. Kihuen
Assemblywoman Ellen B. Spiegel
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Marjorie Paslov Thomas, Committee Policy Analyst
Sharon McCallen, Committee Secretary
Sally Stoner, Committee Assistant

OTHERS PRESENT:

Krys T. Bart, President, Chief Executive Officer, Reno-Tahoe Airport Authority, Reno, Nevada
Anthony "Tony" Lesperance, Director, State Department of Agriculture
Dennis Hellwinkel, State Coordinator, Nevada Ag in the Classroom, Sparks, Nevada
Andy MacKay, Chairman, Nevada Transportation Authority, Department of Business and Industry
Paul Enos, Chief Executive Officer, Nevada Motor Transport Association, Reno, Nevada
Michael Geeser, Media/Government Relations, AAA Nevada, California State Automobile Association, Las Vegas, Nevada

Chairman Atkinson:

[Roll taken.] We have two bills scheduled today, but we have a presentation by the Reno-Tahoe Airport Authority before we get to Assembly Bill 29 and Assembly Bill 169.

Krys T. Bart, President, Chief Executive Officer, Reno-Tahoe Airport Authority, Reno, Nevada:

It is a pleasure to give you the state of the airport as it is today. As you can imagine, it is a challenging time for us also.

The aerial view shown in your handout ([Exhibit C](#)) depicts the layout with three runways: a set of parallels, north and south, and a shorter cross runway, east and west.

The Reno-Tahoe Airport Authority (Airport Authority) was created by the State Legislature in 1978 and is actually the owner and operator of two airports, the Reno-Tahoe International Airport and the Reno-Stead Airport. Based on Federal Aviation Administration (FAA) standards, it is considered to be a medium hub airport. We are served by eight passenger airlines and two cargo airlines. We are a 24/7 operation. Today we are the sixtieth busiest airport in the United States which is a significant factor for the population of northern Nevada.

We are very proud of the fact that for the second year in a row, we have been identified as the fifth most efficient airport in all of North America. This includes airports of all sizes in Canada and the United States. We are the only airport of our size that has been in the top ten ranking for the past two years. Efficiency is determined by a think tank out of Canada which puts numerical calculations together based on financial management to determine the efficiency status of airports. Eighty percent of our flights last year were on time.

People wonder what kind of cash flows through the airport, and as you know, we do not operate on any tax dollars. We are a significant economic generator in the region. Our annual revenue is approximately \$63.5 million to \$65 million. Our annual operating and maintenance expenses are almost \$35 million. We have capital projects that can range from \$7 million to \$190 million in any given year. That is a broad spectrum of the kind of economic impact we have on the local community.

Notwithstanding these numbers, we have a very low debt of only \$10.8 million, and by 2012, with the exception of the bonds that are outstanding for the garage; the Airport Authority will be debt-free. I would like to reiterate we take no tax dollars.

Another ratio we are very proud of is 70 percent of our revenue comes from non-aviation sources: parking, rental cars, all of the concessions, and land leases at the airport.

In the fourth quarter of 2008, like much of the rest of the country, we saw a significant decline in air service. The industry had 11 percent less flights, and 9 percent fewer seats available in the total industry. Ninety-seven small communities have lost all air service. I am sure you are also concerned about some of the smaller airports in Nevada.

How does the Reno-Tahoe International Airport rank by comparison to the airports on the west coast we compare ourselves to? We had a 21 percent reduction in flights, measured December 2008 over December 2007. Yet when you look at other airports in the area—Ontario was down 34 percent, Oakland, 27 percent, Tucson, 23 percent, and Sacramento down 22 percent—we are definitely not the most impacted. When we look at Las Vegas, they are down 14 percent. Most of these airports are hub airports so you would not expect them to be down as much. At hub airports you have major carriers that are either based there or have significant presence to provide connections, such as Portland with U.S. Airways or Salt Lake City with Delta. In the scheme of things, we are down, but in the larger picture we are not down nearly as much as some of the other airports.

Looking at how we stand over both a calendar and a fiscal year, for the calendar year ending December 2008, we were down 12 percent in passengers. Our projection for the fiscal year which ends at the end of June 2009 indicates we will be down 15 percent. What are we doing to address this reduction in passengers? More than a year ago we started trimming the budget and eliminating and freezing positions. We impacted 48 positions which are 20 percent of the entire workforce of the Reno-Tahoe Airport Authority. We focused on mission-critical, and very much against our general belief, we did reduce positions that to some degree focused on customer service. In our business, mission-critical is safety and security, and those were the areas we focused on.

All management, professional employees, and firefighters voluntarily offered to take an 18-month salary freeze. The bargaining units have not offered to take any kind of reductions to date.

We looked at all of the capital projects we have going on and to the extent we legally and reasonably could, restructured the staff time to expend costs associated with those projects.

We also restructured our health program requiring employees to pay considerably more deductibles. We eliminated capital projects that were going to be paid out of the day-to-day operating budget of the airport. All of these actions to date have provided a savings of \$2.5 million or a reduction of over 7 percent of the budget.

Notwithstanding that, we have the same issues you have in the state. In our effort to reduce costs, there are certain things we cannot get around. For example, we do have four bargaining units, and our ability to restructure benefits through them is limited. We have a limit on our ability to outsource services based on past arbitration decisions. We have experienced increases in benefit costs, particularly medical, and in the Public Employees' Retirement System (PERS). The Reno-Tahoe Airport employees are members of PERS, but the Airport Authority pays 100 percent of the contribution to PERS. The state does not contribute to those employees.

Last, but not least, we are encumbered by a number of unfunded mandates that come down from the Transportation Security Administration (TSA). We are required to adhere to those unfunded mandates. In the last five years, our single largest growth factor has been unfunded mandates from the TSA.

I would like to give you an idea of where we stand with our air service not only in the Reno, Sparks, and Tahoe region, but in all of northern Nevada and well

into California, as we are a regional facility. When you compare the population of the Reno-Sparks area to the population of other similarly-sized communities, you will see no one compares to us in the number of seats that come in and out of this Airport Authority every single day. It is over 8,000 seats a day, with 69 departures to 17 different destinations. We have 17 nonstop destinations and 35 one-stop destinations. We like to say we are one-stop to anywhere in the world and we believe we are. If you look at our nonstop destinations, we cover 85 percent of all the hubs in the United States. There is no other community our size in the United States that can boast they cover 17 nonstop destinations to as many hubs as we do.

In this economy, there is a lot of discussion regarding fares. We continually compare our fares to the closest airport which happens to be in Sacramento. When you compare these fares, we both have seen a fare increase in the fourth quarter of 2008, as have all airports, because of the reduction in capacity and in the market overall. As we compare those fares, you will see in all but two of the markets we are considerably less expensive than Sacramento. We can easily demonstrate we are less expensive than Sacramento with respect to our fares, and we are certainly less expensive with respect to parking costs and most of all, convenience.

We talk about air service, passengers, and seats coming in and out of northern Nevada...

Chairman Atkinson:

Vice Chair Manendo has a question.

Assemblyman Manendo:

Reno to Las Vegas, in the fourth quarter of 2008 was \$247.

Krys T. Bart:

You will find higher and lower fares as well as "dinged" fares on Southwest Airlines, but that is the average fare.

Specifically with respect to that, I have had discussions with the Chief Executive Officer (CEO) of Southwest Airlines regarding the legislators going to and from Las Vegas on Southwest Airlines, which is the airline that has the most flights. The conclusion was if there was a way the legislators could take advantage of the advance bookings, your fares would be substantially less than a contract price.

Assemblyman Manendo:

We appreciate that because we are always trying to save taxpayer dollars even in our travel, so thank you.

Krys T. Bart:

When we think of the Airport Authority, and the Reno-Tahoe International Airport in particular, most often it is because of the passenger carriers. We need to refocus and look at the entire picture. We are a diverse business and are an employment center. We offer much more than commercial aviation. For example, we have the Nevada National Guard and we are very proud we have them at both airports, because they provide a much heightened level of security and emergency readiness for us and certainly for all of northern Nevada. We have substantial cargo lifts with wide-body aircraft that complements the business diversity occurring in all of northern Nevada.

We have general aviation and presently some very large hangers under construction, and we also just concluded lease arrangements for construction of additional hangers. We are pleased to tell you we recently announced the west coast maintenance base lease with Dassault Aviation, the manufacturer of the Falcon Jet. They will be operating at the end of this month. They have already hired 20 local people for very good-paying jobs and are hoping to expand. That expansion would provide a minimum of 150 local, high-paying jobs with full benefits. Having Dassault Aviation at the Reno-Tahoe International Airport opens up additional business opportunities not only for the west coast, but business from abroad as well, as this aircraft has the capability to fly to Japan and the Far East. That is further complimented by the fact we have federal inspection facilities at the Reno-Tahoe International Airport.

Last session I was here working on some legislation that had to do with a security-sensitive project which we call the ABC project, or the Airport Baggage Check-in project. This is an integrated project with a top security level program integrated into a bag belt system. It was designed to address the security need as well as crowding and congestion. When you come in and out of the airport you see the tents, you use them, and I hope your experience with the tents is good. We have not had complaints regarding them. That \$63 million project will be completed on time by the end of the year. The project was all pre-funded cash, no debt on that program.

In talking about an employment center, it is important to focus on all the activity at the Airport Authority. With the construction activity presently underway, none of which is creating debt, we are employing approximately 1,000 local people. We have the Hyatt Place Hotel, a private-sector development, being

built on airport property. It is a 126-room, non-gaming hotel, privately contracted, funded and financed. The hotel is on airport property but is not an airport project. We also have a \$27 million airport air-traffic control tower, funded through the efforts of our delegation in Washington, D.C., through multi-year appropriations. This is a new airport tower being built and managed by the FAA. It will be approximately 200 feet tall when it is completed in the fall of 2009, and it will be fully operational in the fall of 2010.

We have also completed a new \$12 million fire station that opened in the fall of 2008. With all of these activities, plus the ongoing capital projects we have on the airfield with pavement reconstruction, et cetera, we are employing 1,000 additional people in terms of local businesses just at that airport. When we look at the economic generator we are, and look at the cash flow we have, not just for the major projects—the hotel, the baggage check-in project, or the tower—but for those projects that are happening every day on our airfield like pavement maintenance, reconstruction of pavement, and upgrading airfield lighting systems, you can see how much money we are putting into the local economy. In peak months, we are exceeding \$5 million. In the lowest winter months it is almost \$1 million. Averaged out over the entire year, day in and day out, we are paying out about \$50,000 per day on construction alone into the local economy.

I want to leave you with the fact we are a great Airport Authority. We are in great shape financially, and we have a tremendous team of dedicated employees that have recently lost 20 percent of their team members. We are working hard to maintain air service and positioning ourselves to grow as the economy picks up. Above all, in these dire times, we are contributing to the local and regional economy as an employment center, not only for day-to-day employment but for all those major, well-paid, construction jobs.

Assemblywoman Spiegel:

Given that air traffic is down 21 percent, and that 70 percent of your revenue is from non-airline sources, how is that affecting parking, rental cars, and concessions?

Krys T. Bart:

We are having a tough time, and it is because of that we have eliminated 20 percent of the staff. When your operation is so heavily staff-driven, that is the only place you have left to cut. Whether we have one flight or a thousand flights, there is still the same amount of maintenance on the airfield in order to ensure a safe and secure environment, so you have to cut on the customer service side. All of the concessions are down, parking is down, and so we have had to cut to the bare bones.

Assemblyman Carpenter:

With regard to the animals on the airfield like geese, how do you control them?

Krys T. Bart:

That is a problem and northern Nevada is seeing a significant increase in fowls this year, particularly geese. We have to get a permit from the FAA in order to deal with the geese, and have to have an approved plan and program in place, which we do. We have a wildlife hazard management study, and now have a hazard plan in place. The most effective way found over the years is to wait until spring when the geese molt. When they molt and cannot fly, we have a goose round-up and relocate the geese. Approximately 80 to 90 percent of the geese on an annual basis do not return. Under exceptional circumstances we have the ability to eliminate the geese in an appropriate manner. That has to be preapproved by the FAA. You will also note we do not have grass in the infield; we have pavement. Therefore, we do not provide a habitat for the geese. This year, we also have a problem with pigeons, and we are working with the Division of Wildlife and the FAA on pigeon control. It goes in cycles, but to date, the most effective method has been the goose round-up.

Assemblyman Goicoechea:

You do use Department of Wildlife services for control?

Krys T. Bart:

Yes, we absolutely do. We are very happy with the Department of Wildlife's assistance.

Assemblyman Hogan:

Is Dassault Aviation a repair facility, or do they manufacture something? How did you lure Dassault Aviation? Did a state agency help?

Krys T. Bart:

We are always marketing our vacant lands, and in this case, we had a vacant hangar available. It was a hangar originally built by Reno Air, later acquired by American Airlines, and then acquired by us. In our process of marketing this hangar, Dassault Aviation was in the process of looking for a location on the west coast for a maintenance facility. We put on a full-court press and brought the state, Truckee Meadows Community College, the Economic Development Authority of Western Nevada (EDAWN), and the University of Nevada, Reno, to the table to represent the community.

Prior to our full-court press, Dassault Aviation was focused on California airports, not realizing that Reno, Nevada, is actually west of Los Angeles and Southern California. Some of our incentives helped as well. There will be other

incentives we will be talking to the Legislature about later on, but this is a terrific coup. They have already put \$1 million of improvements into the hangar and decided in December that they would be in operation by March and immediately began selecting someone to make additional needed improvements. When a Falcon Jet owner brings his jet in for annual maintenance, it is a three-to five-day event. What is important is that the pilot will fly in and will want a nice place with a nice lounge to do business. If it is going to be there for multiple days, they want a place with nice hotel rooms, and things to do.

The community participated from that perspective. The company wanted incentives and the ability to train, which brings Truckee Meadows Community College into play as well as the training incentives the state has. Because these are really good jobs, we wanted that to happen as well. It was a combination of all of these things in a collaborative effort by state and local agencies and the Airport Authority working together that brought Dassault Aviation to Reno.

No one else has done what we have done so effectively and in such a short time frame. That is testimony to the team that delivered Dassault Aviation to Reno.

It is really significant when you think of the local owners of Falcon Jets who have had to go to the east coast to get maintenance on their jets and can now stay here. Dassault Aviation has already sold two more jets in Reno, just since they announced the relocation of this facility.

It is a good thing for the State of Nevada and the airport, and I am looking forward to seeing the expansion. This becomes, in essence, an anchor tenant as well. As I spoke of the construction of corporate hangars, we are going to see more of these hangars being built and more corporate aircraft relocating to this region because of all that we have going on. It is a great opportunity.

Assemblyman Hogan:

It is a very encouraging story. It could be duplicated many places in the state if people could assemble a team as good as yours. Was it necessary to extend any tax abatements or other financial incentives to them?

Krys T. Bart:

Yes. They will be taking advantage of the tax incentives the state currently offers with respect to training in particular. When we acquired the hangar from American Airlines, they had the hangar on a land lease because we owned the land. The lease still had 20 years remaining. The hangar had a value in excess of \$1 million. We negotiated to get the hangar for free and relieve them from

their lease. We acquired this incredibly wonderful hangar for nothing. We negotiated with Dassault Aviation that for the first year they would pay no ground rent, but hangar rent only. The initial hangar rent is twice the rent we received from American Airlines, and by next year, when they will be paying both hangar and ground rent, it will be four times the revenue we received from American Airlines. In addition, they have an option on seven acres adjacent to their facility which they intend to exercise within three years for the expansion of their facility. This is where we would get the additional growth of 150 good jobs.

However, as mentioned, I will be coming back to the Legislature because they are looking for additional incentives consistent with those they get in the states of Utah and New Mexico. Those two states have gone out of their way to provide incentives for aviation companies. While this is a discussion for another day, here is a company that has come to the state delivering new good jobs with a commitment to deliver additional jobs and has already put \$1 million worth of improvements into a leased hangar. This is a company that has already delivered, and they are not even operating here yet.

Chairman Atkinson:

The Hyatt that is going up, is it right off of Plumb Lane and Highway 395?

Krys T. Bart:

Yes it is. It is the building that has the yellow plastic on the front of it right now. It is a non-gaming hotel. It will be themed to the outdoor Tahoe look which is the look we are trying to establish over time at the Airport Authority. The hotel is on airport land, and we do get lease revenue. That is a ten-acre piece of land we own and the hotel is occupying a third of it. The other two-thirds is available for office and commercial development.

Chairman Atkinson:

Thank you for your presentation.

We will move into the two bills we are hearing today. Our first bill is Assembly Bill 29.

Assembly Bill 29: Revises provisions governing the use of money in the Account for License Plates for the Promotion of Agriculture Within This State. (BDR 50-354)

This bill was heard in the Assembly Committee on Natural Resources, Agriculture, and Mining (NATRAM) and because there is a component which deals with the special license plate and the moving of these monies to a

different place, it is fitting that it comes here before we pass it out to the floor. Our Chairman in NATRAM is all right with the bill.

Anthony "Tony" Lesperance, Director, State Department of Agriculture:

Among other things, we do have a Nevada Agriculture license plate to promote agriculture, and it does bring funds to the Department, which we distribute to Nevada Ag in the Classroom and the Agriculture Council. We are here today because we need to make a minor change to continue this process. I will turn this over to Mr. Dennis Hellwinkel who is deeply involved in Nevada Ag in the Classroom and the Agriculture Council, and let him explain the full significance of this bill.

Dennis Hellwinkel, State Coordinator, Nevada Ag in the Classroom, Sparks, Nevada:

I also serve as the Project Coordinator for the Agriculture Council of Nevada and am in support of Assembly Bill 29 on behalf of these two organizations.

The Nevada Legislature passed *Nevada Revised Statutes* (NRS) 482.37917 in 1999 authorizing the Future Farmers of America (FFA) agriculture license plate. One-half of the proceeds of the sales of this plate goes to the Nevada FFA Foundation, and under NRS 561.411, the other half is placed into a fund to be used solely for agriculture promotion. This fund is under the supervision of the Director of the State Department of Agriculture.

The Agriculture Council of Nevada is comprised of representatives of several agricultural organizations and government agencies interested in Nevada agriculture. It is the nonprofit organization which solicits proposals from other individuals and organizations for funding to promote Nevada agriculture. We evaluate the impact of these proposals, and then submit an annual request to the Director of the State Department of Agriculture to help fund these projects based on our half of the expected income from the license plate sales.

Through this process we have been able to increase Nevadan's awareness and the scope and economic importance of Nevada agriculture through many projects including the People Grow Things Here campaign ([Exhibit D](#)), recognizing 29 Nevada farms and ranches which have remained in the ownership of the same family for over 100 years. We have also funded the Showcase of Agriculture at both the Nevada State Fair in Reno and the Clark County Fair in Logandale. The funds entrusted to us by the Nevada public and the Director have supported 4-H and FFA youth in their activities and helped to educate Nevada's elementary students and their teachers through Ag in the Classroom programs. These programs are held across the state including at the Las Vegas Farm Festival held each fall at Horseman's Park.

It attracts between 8,000 and 10,000 students annually for the three-day event.

Our latest project is the Nevada Commodity Map ([Exhibit E](#)). It shows the counties in Nevada and the agricultural commodities produced in each. Through the Ag in the Classroom program, over 7,000 of these maps have been distributed to elementary and middle school classrooms. The maps include six activity panels on the back that are correlated to Nevada educational standards. The brochure is designed more for individual use.

In closing, I would like to add the wording change that A.B. 29 proposes does not affect the authorizing language in NRS 482.37917, nor does it affect the funds which go to the FFA Foundation. The need for this bill is due to the fact that both the Agriculture Council of Nevada and the Nevada Ag in the Classroom program are volunteer-driven, nonprofit organizations. In order for us to legally receive these funds for projects like I have mentioned, the language simply needs to include "nonprofit organizations."

Assemblyman Claborn:

I do not have any question with regard to the bill. It is a good bill. I like the idea the Future Farmers of America get half of the money from the license plates. I certainly believe the Agriculture Department and the people who disperse the money are clear-headed enough to give it to those that deserve it and should have the right to get together to make that decision. Before, we just used state entities, but now they can give grants to other small or large projects. I support the bill.

Chairman Atkinson:

Are there any questions? [None.] We will close the hearing on Assembly Bill 29, and I will bring it back to Committee to entertain a motion.

ASSEMBLYMAN CLABORN MOVED TO DO PASS
ASSEMBLY BILL 29.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Atkinson:

We will now open the hearing for Assembly Bill 169. [Turned the meeting over to Vice Chair Manendo.]

Assembly Bill 169: Makes various changes concerning the regulation of motor carriers. (BDR 58-870)

Andy MacKay, Chairman, Nevada Transportation Authority, Department of Business and Industry:

I am in full support of Assembly Bill 169; it is a good bill. Currently the Nevada Transportation Authority (NTA) has statutory authority to impound all forms of illegal motor carriers within the State of Nevada as delineated in Chapter 706 of *Nevada Revised Statutes* (NRS), which this bill intends to amend.

It clearly says any vehicle used for the illegal transportation of passengers must be impounded. There is an accompanying statute, NRS 706.756, which enables the NTA to impound household goods movers. In the event a legal household goods mover is caught operating illegally within the state, the vehicle is impounded pursuant to policy by the NTA. During the impound hearing there is always a reference to the other statute which can sometimes be confusing to the individuals who may be in front of the authority for an impound hearing. This amendment would clarify that.

As it relates to the bill, and mandating that the NTA impound unlawful tow-car operators, it is nothing more than hitting the illegal offenders, who effectively have a safe harbor. We have come to realize the best way to curtail illegal activity is to hit these people in the pocketbook. By mandating the vehicle be impounded and compelling them to appear for an impound hearing, regardless of any administrative fines associated therein, they become responsible for the applicable towing and storage fees.

In the year 2008, the NTA cited 18 tow operators for operating without the requisite authority, and not having a Certificate of Public Convenience and Necessity. It goes without saying, in all probability that would have been 18 vehicles impounded. The problem is a lot of times we see repeat customers. By making them pay fines, impound fees, and storage fees, hopefully we can curtail some of this illegal activity.

As someone who is responsible for protecting the safety of the traveling public, and also regulating carriers that spend a lot of money, I know they will lose a lot of sleep. This bill creates equity among the industries we regulate.

Vice Chair Manendo:

Thank you for your testimony. Mr. Claborn has a question?

Assemblyman Claborn:

When you talk about providing towing service, are you talking about moving vans like Mayflower and others? If you are, my other question would be are we having more or less trouble with the long haulers out-of-state, or are we having a lot of problems with in-state haulers?

Andy MacKay:

With this particular bill it is with respect to tow-car operators and tow trucks. Household goods movers that operate point-to-point within the State of Nevada are also regulated by the NTA. We currently impound unlawful operators pursuant to NRS 706.756. This bill creates consistency across the board for all entities that the NTA is responsible for regulating. To address your question relative to long haulers, the NTA has no regulatory jurisdiction over any operators that run point-to-point from Nevada into another state or from another state into Nevada. As interstate commerce, the state is restricted from regulating that.

In the event the NTA does receive a complaint from a consumer on an interstate move, we refer them to the Federal Motor Carriers Safety Administration and provide them contact information. If they are going to levy a complaint against that operator, then we put them in touch with the correct contact.

Assemblyman Claborn:

Where you threw me on this bill is in subsection 1, lines 4 and 5, it says "or to provide towing services or the transportation of household goods." If it is a towing truck, what are the household goods being transported?

Andy MacKay:

When it is a tow truck there is not any transportation of household goods. Transportation of household goods, as you mentioned, is by Mayflower or Bekins. There are two totally separate industries that we regulate. Does that answer your question?

Assemblyman Claborn:

Yes and no. I am reading from the bottom of the bill. On page 1, lines 4 and 5. It says "or to provide towing services or the transportation of household goods." I still do not understand what household goods are.

Andy MacKay:

Household goods are your beds and desks. Is that what you meant?

Assemblyman Claborn:

You said this relates to truck towing. What are you towing, beds? I want to know what household goods are relative to the bill.

Vice Chair Manendo:

I think what you are referring to are moving vehicles, moving trucks, U-Haul, or Mayflower. Would this also include someone using a van as a moving vehicle, as long as it is household goods?

Andy MacKay:

Yes, sir. The statute is for any vehicle used for the transportation of household goods. It could be a pickup truck, or a box van.

Assemblyman Claborn:

Let me read it to you again: "or to provide towing services or the transportation of household goods." There are two things there. You have answered one, but what is the tow truck towing? Do you have a trailer behind the van?

Vice Chair Manendo:

If you read starting at line 3, they are talking about—a vehicle—if you go back a few lines and read it all together...

Assemblyman Atkinson:

Let me try to help out. I think we are talking about two different types of household goods. In this case, under NRS 706.085, the definition of household goods means: "personal effects and property used or to be used in a dwelling which are part of the equipment or supply of the dwelling and such other similar property as the Authority may provide by regulation. The term does not include property moving from a factory or store, except property that the householder has purchased with the intent to use in his dwelling and that is transported at the request of, and the transportation charges paid to the carrier by, the householder." What we are talking about is two new services, one is tow car services and the other is household goods movers. We are talking about two separate issues.

Assemblyman Claborn:

I am not opposed to the bill. I am still confused, but if I am the only one confused here, I will go along with the bill.

Vice Chair Manendo:

Maybe we can try to get clarification before we move the legislation.

Assemblyman Goicoechea:

I understand where you are coming from. It is a little confusing because technically if you read the literal interpretation of this law, you could stop and impound me for hauling household goods in my pickup. It does not say anything about a tow service for charge as a business. If you would clarify that for me please.

Andy MacKay:

I recognize and see what your concern is, but as it relates to the authority to regulate motor carriers in the State of Nevada, that activity is explicitly exempted for the reason you are driving the vehicle yourself.

You can hire a moving company to pack-and-load the vehicle, but if you drive it, you are providing the transportation yourself; therefore, it is not subject to the jurisdiction of state law. Hence the vehicle would not be impounded in that instance.

Assemblyman Goicoechea:

I just wanted to get that on the record. As it pertains to a tow car, are the regulations the same across the state, both in rural and urban areas? Is there a Certificate of Public Convenience and Necessity required for every tow truck driver no matter where they are?

Andy MacKay:

In short, the answer is yes. You are not permitted to perform the services of either a consent-tow operator or a non-consent tow operator without possessing a Certificate of Public Convenience and Necessity.

Assemblywoman Spiegel:

In some areas there are people who run illegal moving companies where they will take out an ad on Craigslist.org and say, we will move you, and they will rent the U-Haul truck and do the moving although they are not licensed. In that case, if they get caught and the vehicle impounded is a rental, does the U-Haul company, as the registered owner of the vehicle, end up having to post a bond for \$20,000 to ensure the people misappropriating their vehicle show up in court? I am confused about page 2, line 5.

Andy MacKay:

If an illegal moving company uses a U-Haul or rents a vehicle, when the vehicle is impounded, because it is not in the care, custody, or control of the registered

owner and they were not aware of the fact the vehicle was going to be used for unlawful purposes, it is the practice of the Nevada Transportation Authority to release the vehicle without any administrative fines.

Assemblywoman Spiegel:

Should that be clarified in the bill?

Andy Mackay:

There is language already delineated in statute for an exemption with respect to short-term lessors of vehicles or passengers. The NTA reads that in concert with the alleged activity at hand. In this case, although a moving vehicle is not a "passenger" vehicle, if the company that owns the vehicle, be it U-Haul or whatever, is clearly not aware of the fact it is being operated unlawfully, then we do release the vehicle.

Assemblyman Carpenter:

How easy or hard is it to get a Certificate of Conveyance? In the past people had difficulty getting the permits.

Andy MacKay:

The federal government has partially deregulated tow car operators and intrastate charter bus operators. The state does not have the authority to regulate rates, routes, and service, with the exception of non-consent tows. As for obtaining authority for intrastate charter bus operations and intrastate tow car operations, it is much easier. It is a difficult process to fully regulate carriers. The Legislature has it right in terms of the requirements, including substantiation of a market and that you are willing and able to provide the services. As it relates to the partially deregulated entities, the state is explicitly preempted, so our focus is primarily on safety and insurance. Are the vehicles safe, do you have the requisite personnel there to maintain the vehicles, and do you know the federal laws?

During the course of applications we see substantially more tow car and bus operators approved, as opposed to fully regulated carriers.

Assemblyman Carpenter:

How hard is it to get a furniture moving license?

Andy MacKay:

Household goods movers are subjected, effectively, to the same provisions as fully-regulated passenger carriers. I will state if there is one industry woefully lacking in legal certificated carriers, it is the moving industry. Obviously, with the downturn of the economy, and the erosion of the housing market, it is not

as pervasive; however, from looking at statistics, household goods movers are the number one illegal entity out there. We impound more illegal household goods mover vehicles than we do anything else; limousines are second.

In answer to Assemblyman Carpenter, it is not an easy process. If you have the capital as required by statute, and you do not have a criminal background, you can get through the application process fairly well.

Vice Chair Manendo:

Some of our members, who live out of town, move some of our own household goods here to Carson City for the session. If we have someone who has a little truck and we tell them we will give them \$200 to bring some of our things up here, what would be the scenario in a case like that? They are not licensed, but they are getting paid.

Andy MacKay:

The statute is pretty clear, if they receive compensation, they are considered a mover. I will offer for the record, that if you have a friend assist you in the move, and you are with him when the vehicle is driven, I do not know if you would be viewed as a mover. If you pay anyone off the street \$200, and he drives the vehicle, the key is who is transporting the goods. From a regulatory standpoint, the Legislature has done a good job having us focus on the transportation and that is what we focus on. If he drives, then the answer is yes, he is a mover.

Assemblyman Claborn:

When you put this bill together it would have been so much simpler and so much less confusing, instead of saying "or to provide towing services or the transportation of household goods," to simply say "or moving services or the transportation of household goods." I am still confused over the "towing." and then the bottom part that says "moving household goods." I do not understand that language.

Andy MacKay:

Those terms are defined specifically in statute as to what we can and cannot do. In my read of this, it addresses towing or the transportation of household goods. Statutorily, those are two unrelated matters that are codified separately and are in force today.

Assemblyman Claborn:

I have sat on this Committee for six sessions and when we talk about towing, we are talking about tow trucks. We will probably have more bills in here

related to towing and tow trucks. When you start towing furniture, and household goods, it is going to be confusing.

Paul Enos, Chief Executive Officer, Nevada Motor Transport Association, Reno, Nevada:

I am representing entities that are regulated by the Nevada Transportation Authority (NTA).

About a year ago, there were some pretty ugly stories in the media regarding illegal tow operators taking advantage of people in Las Vegas. They would find someone on the side of the road, tow their car, and then charge exorbitant fees for towing and storage.

We saw these things in the media and got together with Chairman MacKay and asked Chairman Atkinson for help in putting a bill forward which would help the public. This is an area where the interest of the industry and the public coincide. We feel the public should be able to deal with legitimate operators, whether it is household goods or towing services. To clarify that, we are talking about two separate entities, the towing of cars, and the moving of household goods. We feel it addresses every entity the NTA regulates, including those certificated carriers such as Mayflower and Bekins, as well as the two college guys you find on Craigslist.

We regulate and make it difficult to get into this business for a reason. In the past, we have seen people saying they will charge you \$500 to move your household goods, and then they will hold your property hostage for thousands of dollars. The same thing happens with illegal operators of tow cars. When you have a legitimate business that has implemented safety and compliance programs, and they have the proper insurance, you know you are dealing with an operator you can trust. If they have been vetted through the process the NTA has set up, you have recourse. Right now there is a gap where you have an illegal tow operator or illegal household goods mover. They may be towing someone's car without the authority, and the NTA cannot impound their vehicle. The passage of this bill helps the public, and it protects the legitimate industry from the illegal operators. It is good public policy to give the authority to impound these con artists' vehicles and have them show up at the NTA. When the NTA writes an illegal operator a citation, they cannot impound their vehicle then. They write a citation and the carriers never show up for the hearing. If their vehicle is impounded, they either show up or their vehicle is turned over to the state.

We feel the passage of this bill helps protect the public and legitimate businesses and ensures when you are getting your goods moved or your car towed, you are going to be less likely to deal with an illegal operator.

Assemblyman Claborn:

That was a very good summation.

Paul Enos:

We do feel that the way the bill is structured; it does cover the guys towing cars as well as the household goods carriers. As Mr. MacKay explained it, there is an "or;" it is towing vehicles "or" moving household goods. We do read the language as something that does cover both.

Assemblyman Claborn:

There are already laws on the books for towing vehicles.

Paul Enos:

We do see a gap in that the NTA cannot impound these vehicles. They can fine the operator, which does not mean they will show up. If you can give someone a citation and you have possession of an expensive piece of property that belongs to them, they are much more apt to show up, and you are much more apt to get rid of that illegal carrier.

Assemblyman Atkinson:

There may be some confusion over the fact that if they have a license, it means they are the good guys. It does not necessarily mean that.

Paul Enos:

We believe there is recourse. When you have a licensed carrier, and you have a complaint from the public, it is much easier for the public to go to Mr. MacKay and the other Commissioners on the NTA, and have them either revoke the carrier's license or give them a citation, than it would be to find an unknown illegal carrier. If it is a licensed business doing something illegal or improper, the regulatory mechanism is in place for the NTA to go after them.

Michael Geeser, Media/Government Relations, AAA Nevada, California State Automobile Association, Las Vegas, Nevada:

We support this bill, as it is good for the tow companies that play by the rules, as well as the consumer who has to use those services, and we think this would make the entire process a lot smoother.

If, in the event of a possible major emergency for example, we had to bring tow trucks into the state which were not certified, we could easily clear that with

the Nevada Transportation Authority (NTA) ahead of time. That is the only way a tow truck would not be certified by the American Automobile Association (AAA) operating in Nevada.

It appears this is a good bill and would work for everyone.

Assemblyman Carpenter:

Do you own tow trucks or do you contract with people?

Michael Geeser:

Both. We have our own fleet of tow trucks, and we contract with tow companies around the state.

Assemblyman Carpenter:

The ones you own yourself, do you have to register with the NTA?

Michael Geeser:

Absolutely. I can assure you all of our tow trucks within Nevada are certified; both contract tows as well as our fleet cars.

Vice Chair Manendo:

Is anyone else testifying in favor? Is anyone in opposition? Is anyone neutral? I will close the hearing on Assembly Bill 169 and bring it back to Committee. Mr. Chairman.

Chairman Atkinson:

I do not mind someone making a motion, I just want to be sure Mr. Claborn's concerns are addressed, and if they are not, we can certainly ask Mr. Enos and Mr. MacKay to meet separately to clear up any questions you may have.

Assemblyman Claborn:

Thank you, Mr. Chairman. It is a good bill; it is just confusing the way the bill was written. After it was explained you could impound a vehicle to ensure the person would come back and pay the fine because they want their vehicle back, it was understandable.

ASSEMBLYWOMAN SPIEGEL MOVED TO DO PASS
ASSEMBLY BILL 169.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Vice Chair Manendo:

Chairman Atkinson will take his own bill to the floor [Adjourned 2:53 p.m.].

RESPECTFULLY SUBMITTED:

Sharon McCallen
Committee Secretary

APPROVED BY:

Assemblyman Kelvin Atkinson, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Transportation

Date: March 3, 2009

Time of Meeting: 1:30 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Krys T. Bart, President, Chief Executive Officer, Reno-Tahoe Airport Authority, Reno, Nevada	Handout of PowerPoint presentation of Reno-Tahoe Airport Authority
	D	Dennis Hellwinkle, State Coordinator, Nevada Ag in the Classroom, Sparks, Nevada	Brochure for People Grow Things Here, Agricultural Council of Nevada
	E	Dennis Hellwinkle, State Coordinator, Nevada Ag in the Classroom, Sparks, Nevada	Map of Agricultural Commodities