

MINUTES OF THE
JOINT SUBCOMMITTEE ON PUBLIC SAFETY/NATURAL
RESOURCES/TRANSPORTATION
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS

Seventy-fifth Session
February 17, 2009

The Joint Subcommittee on Public Safety/Natural Resources/Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Joyce Woodhouse at 8:07 a.m. on Tuesday, February 17, 2009, in Room 3137 of the Legislative Building, Carson City, 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.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator Bob Coffin
Senator Dean A. Rhoads

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Kathy McClain, Chair
Assemblyman Joseph M. Hogan, Vice Chair
Assemblywoman Ellen Koivisto
Assemblywoman Sheila Leslie
Assemblyman Marcus Conklin

STAFF MEMBERS PRESENT:

Brian Burke, Principal Deputy Fiscal Analyst
Scott Edwards, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Patricia O'Flinn, Committee Secretary

OTHERS PRESENT:

Edgar J. Roberts, Director, Department of Motor Vehicles
Dennis Colling, Chief of Administration, Administrative Services Division,
Department of Motor Vehicles
Debbie Wilson, Research and Development Division, Department of Motor
Vehicles
Tom Jacobs, Public Information Officer, Department of Motor Vehicles
Izzy Hernandez, Managing Partner, RZ & Associates, LLC
Tom Conner, Chief Administrative Law Judge, Office of Administrative
Hearings, Department of Motor Vehicles
Chuck Conner, Chief of Information Technology, Division of Information
Technology, Department of Motor Vehicles
Troy L. Dillard, Administrator, Division of Compliance Enforcement, Department
of Motor Vehicles
Martha Barnes, Administrator, Division of Central Services and Records,
Department of Motor Vehicles

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Thomas J. Fronapfel, P.E., Administrator, Division of Field Services, Department of Motor Vehicles
Rhonda Bavaro, Administrator, Motor Carrier Division, Department of Motor Vehicles
Karen Stoll, Motor Carrier Division, Department of Motor Vehicles

CHAIR WOODHOUSE:

We will open the hearing on the Department of Motor Vehicles (DMV), Director's Office, Budget Account (B/A) 201-4744.

PUBLIC SAFETY

MOTOR VEHICLES

DMV - Director's Office – Budget Page DMV-1 (Volume III)
Budget Account 201-4744

EDGAR J. ROBERTS (Director, Department of Motor Vehicles):

I will read my prepared testimony ([Exhibit C](#)). The DMV's recommended budget for fiscal year (FY) 2010-2011 is \$20 million less than the Legislative-approved budget for FY 2008-2009 or approximately 7 percent less than the previous biennium.

A major concern for the DMV is a stable funding base to carry out operations. In our funding proposal, the DMV will send the Highway Fund approximately \$37 million in fees and penalties that previously directly funded the Department's budget. Simultaneously, the DMV's Highway Fund appropriation will be increased by approximately \$37 million. Also included in the proposed new administrative costs cap computation is the excise tax on gasoline which the department collects for the Highway Fund. The duties of collecting the excise tax on gasoline were transferred to the DMV in 2001, but were not included in our Highway Fund authorization cap.

Our proposal will be revenue neutral and will stabilize the DMV's revenue source. This will allow us to continue the quality and standards of service we have achieved over the last few years. It will, however, provide the authority to the Legislative Branch to approve our budget to the appropriate level.

CHAIR MCCLAIN:

What is the rationale for the new funding source? Is there a bill draft request (BDR) related to it? How will it impact the Highway Fund and highway construction?

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

Over the past decade, we have imposed fees for services to remain under the cap. Currently, less than 50 percent of our budgets fall under the cap. We have used commissions, the collection of other funds such as a government services tax, sales tax, penalties and records fees to generate revenue that keeps us under the cap. With this budget, we are directing most of these revenues to the Highway Fund and increasing the Highway Fund appropriation by the same amount.

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CHAIR McCLAIN:

I do not understand how this is revenue neutral. If you receive direct funding of 20 percent or 22 percent from the Highway Fund, that will place you \$15 million to \$20 million over the cap.

MR. COLLING:

We do not receive 22 percent or 20 percent of the total Highway Fund. The amount of money we receive for operations is set by the Legislature.

CHAIR McCLAIN:

By changing the cap, you will have the opportunity to request money up to the new cap in future Legislative Sessions. That money will come out of highway projects.

MR. COLLING:

The budget request we have submitted is revenue neutral. We are requesting the same amount of money that we will submit to the Highway Fund.

CHAIR McCLAIN:

If we appropriate all the money you want, there is no incentive to save costs. You have not taken the hits the other agencies have. Is there a BDR to make this change?

MR. COLLING:

It is a budget BDR. It will be submitted as part of a package by the Department of Administration.

SENATOR COFFIN:

My driver's license costs \$22 for 4 years. It costs at least that amount in time and materials to issue a driver's license. Why not balance this budget with an increase in driver's license fees? The increase would not have to be excessive. Nevada currently has one of the lowest driver's license fees in the western states.

MR. COLLING:

The Governor has instructed us that he does not want to raise fees.

SENATOR COFFIN:

Raising the driver's license fee is a straightforward act the public can understand. If the fee was increased to as much as \$30, it would still be less expensive than fees assessed by most other western states. Would that amount of increase balance your budget?

MR. ROBERTS:

There are approximately 1.6 million licensed drivers in the State. We would have to determine how much money we wanted to earn to know what the cost would be for the license.

CHAIR McCLAIN:

Senator Coffin has a good point. That would raise approximately \$8 million and would keep you under the cap. In the budget for the Real ID project you state

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you would need to mail notices to 2.25 million licensed drivers. Are there 1.6 million drivers or 2.25 million drivers?

MR. ROBERTS:

There are approximately 500,000 identification cards and 1.6 million driver's licenses.

CHAIR WOODHOUSE:

Please explain the BDR.

MR. COLLING:

The BDR will do three things: it redirects the excise tax on gasoline to be included in the computations for our cap; it lowers the cap from 22 percent to 20 percent; and it directs the individual fees and penalties the Department collects directly into the Highway Fund.

Regarding the fees collected for licenses and ID cards, it is a four-year renewal cycle. For every dollar the fee is raised, the amount of money collected in any one year would be approximately \$700,000 to \$800,000.

ASSEMBLYMAN GOICOECHEA:

What is the western states' average cost for a driver's license?

MR. ROBERTS:

For the surrounding states, the fees are as follows: Arizona is \$25; California is \$28; Colorado is \$21; Idaho is \$28.50; Montana is \$40; New Mexico is \$18; Oregon is \$59; Utah is \$25; Washington is \$25; and Wyoming is \$20.

CHAIR WOODHOUSE:

Under the new funding method you are proposing, will the agency continue to receive a percentage of authorized revenues in addition to the Highway Funds?

MR. COLLING:

Those non-Highway Fund areas for which we earn commissions for collecting funds for other agencies will continue to be authorized. These include the commissions on government services tax. We also receive a small portion of General Fund appropriations, approximately \$22,000, to pay for the Motor Voter Program. The emission control account is directly fee funded. Under this proposal, the DMV will retain the portion of the revenues collected from records fees and the Insurance Verification Program (IVP) necessary to run those departments. The remaining \$26 million to \$28 million will go to the Highway Fund.

CHAIR WOODHOUSE:

How will current and future bonds be affected by increasing the amount of gasoline tax eligible for administrative expenses from 1 percent to 20 percent?

MR. COLLING:

The DMV does not have Capital Improvement Projects (CIPs). Since it is revenue neutral, it should not have any effect.

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CHAIR MCCLAIN:

We are talking about bonding on transportation projects. How can your proposal be revenue neutral if you receive an extra \$15 million?

MR. COLLING:

We will not receive an extra \$15 million. We will get what you approve.

CHAIR MCCLAIN:

Your request is not revenue neutral. The change does not make sense. You are not complying with the Governor's request to reduce expenditures.

MR. COLLING:

We have reduced our expenditures in the areas we needed. We have cut some positions out of our budgets.

CHAIR MCCLAIN:

You have not cut nearly as much as other agencies have. There have been 50-percent cuts to the State's Higher Education System, and large salary cuts in Kindergarten through Grade 12 education. Your budget shows a cut of less than 7 percent over the last biennium.

MR. COLLING:

We have brought forward a proposal. You now have a number of options.

CHAIR WOODHOUSE:

Please continue with the Director's Office budget.

MR. ROBERTS:

The Director's Office establishes policy for the Department and directs and controls the operations of the agency. This budget's primary role is the ongoing support of 27 authorized full-time equivalents (FTEs), the kiosk technology, our public information campaign, our personnel unit, our employee training and recognition program and the Department's operational review. There are no enhancement requests in this budget.

CHAIR MCCLAIN:

You have 130 vacant positions, 87 of them in field services. The wait time for customers to receive services is 39 to 42 minutes which is under the one-hour goal established. Can some of these positions be eliminated to keep you under the cap?

MR. ROBERTS:

Currently, the wait times are down due to fewer transactions. We have been holding positions open as they become vacant. However, we expect transactions to increase when the economy recovers.

CHAIR MCCLAIN:

Realistically, are you going to need that many positions in the next two years?

ASSEMBLYMAN GOICOECHEA:

How long have some of these positions been vacant? Two years ago your department was working to bring the wait times down under an hour. If you

currently have positions that have been vacant over a year, they probably could come out of the budget.

MR. COLLING:

We have analyzed the impact of these vacant positions on our wait time over the next one to three years. If we eliminate 50 positions, and the economy recovers, we could not address the need for increased staffing until the 2011 Legislative Session, and the positions would not be filled until 2012. A more efficient approach is to give us permission to go directly to the Highway Fund and the Interim Finance Committee (IFC) for additional positions as the need arises.

ASSEMBLYMAN HOGAN:

This Subcommittee would like to maintain a policy of equal treatment among our State agencies. There are other agencies in which the suggested cuts would not only impair their reserve staffing capability, but would eliminate jobs they need, causing services to decline and wait times to increase. That is not a desirable outcome. We need to deal uniformly and fairly with each of the agencies. Where we have to accommodate this budget crunch with serious cuts, we will have to do that. I would probably cut more than has been proposed from this budget.

CHAIR WOODHOUSE:

Mr. Roberts, please consider some alternatives for this budget and bring them back to the Committee at a later date.

We will now open the budget hearing on the Real ID, B/A 201-4746.

DMV - Real ID – Budget Page DMV-6 (Volume III)
Budget Account 201-4746

DEBBIE WILSON (Research and Development Division, Department of Motor Vehicles):

I will read from prepared testimony ([Exhibit D](#)). The Real ID Act rules were finalized in January 2008. It creates a set of security standards that ensures the DMV verifies the identity of the applicant before issuing a driver's license or identification card to be used for official purposes such as boarding a commercial aircraft or entering federal facilities. The Real ID Act does not: create a national identification card; require a national database of personal information; contain a Radio Frequency Identification (RFID) chip; control, prevent or impact gun sales; allow for issuance to illegal aliens; or replace a U.S. passport.

There are 39 requirements that must be met in two phases. The first phase is Material Compliance. This is a set of 18 requirements that must be implemented no later than December 31, 2009. Phase II, or Full Compliance, is an additional set of 21 requirements that must be implemented no later than May 10, 2011. If the State does not meet the compliance requirements by the end of this year, a driver's license or identification card issued today will not be accepted to board an airplane on January 1, 2010.

The total budget for a successful implementation of the Real ID Act is \$5.1 million, an 82-percent reduction from the budget requested in 2007. The amount requested from the State is \$1.5 million, and the balance of the funds were received as federal grants or appropriations through the IFC process. An additional federal grant has been announced. The Department will apply for all allowable funds. The grant awards will not be announced until after this Legislative Session closes. However, if we are again successful in receiving federal grant money, the budget will be adjusted accordingly.

SENATOR COFFIN:

What is the rough unit cost for producing the Real ID?

MS. WILSON:

To capture the costs of producing the new card, the total cost increase would be \$3.38 per license.

SENATOR COFFIN:

Would that reimburse the General Fund for the money loaned to the program?

MS. WILSON:

It was Highway Fund, rather than General Fund, money. The \$3.38 does not include the \$701,000 allocated through the IFC process. It covers only the \$1.5 million requested for this biennium.

SENATOR COFFIN:

The addition of \$3.38 a card would pay back the Highway Fund request for this biennium.

MS. WILSON:

Funding now is necessary to complete the implementation of the program, but the funding could be paid back through increased card fees if that is something that needs to be considered.

CHAIR MCCLAIN:

Could we put money in the Contingency Fund in case you did not get the grant?

MS. WILSON:

The next grant application deadline is in two weeks. We have been successful in receiving grants for this project, and Nevada has been allocated a certain dollar amount for this grant award. However, the grants will not be awarded until after the end of the Legislative Session. Therefore, we are requesting all the remaining funds required to fully implement the Real ID Act.

CHAIR WOODHOUSE:

Please explain the media program you plan for the Real ID card.

TOM JACOBS (Public Information Officer, Department of Motor Vehicles):

The Real ID public education campaign is comprehensive. It will include personal letters to motorists, produced commercials and public service announcements (PSAs). Educating the public is crucial. Nevadans need to know what their choices are, and the consequences of those choices, prior to finding themselves in line at a DMV office.

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ASSEMBLYWOMAN LESLIE:

Have you given any more consideration to the non-Real real ID?

MR. JACOBS:

Part of the challenge is the amount of misinformation about the Real ID Act. In her previous testimony, Ms. Wilson addressed many of those: there is no RFID chip; there is no national database; it does not affect gun sales. Nevadans need to know they have a choice. If they choose not to get a Real ID-compliant driver's license, we will continue to issue the standard driver's license.

ASSEMBLYWOMAN LESLIE:

That standard driver's license, is that what you mean by non-Real real ID?

MR. JACOBS:

It is noncompliant. The driver's license we issue today does not comply with the requirements of the Real ID Act. When we begin issuing the driver's license that does comply, we will still offer the license we issue today.

ASSEMBLYWOMAN LESLIE:

What about those people who do not drive and have only an identification card?

MR. JACOBS:

There will be Real ID Act-compliant identification cards as well. We use the word "card" to refer to the Real ID to avoid confusion. They are essentially the same for identification purposes; one also has driving privileges attached to it.

ASSEMBLYWOMAN LESLIE:

We need to ensure there is enough money in this budget to communicate about this effectively. It is confusing even to those of us who have been working with it for some time.

MR. JACOBS:

This budget is based on the public education campaign promoting alternate technology as a way to access the DMV. That campaign has tripled the usage of the website to contact the DMV. I am confident the budget outlined for the Real ID Act will accomplish our goals.

ASSEMBLYWOMAN LESLIE:

I hope you find some language that is clearer than non-Real real ID. Getting professional help with the message and the language you use can minimize the confusion. I am interested in how this proceeds.

SENATOR COFFIN:

The Real ID Act was based on national security concerns when it was first conceived. It can also be a tool in the fight against illegal immigration because it is difficult to counterfeit.

MS. WILSON:

One of the requirements of the Real ID Act is to verify the issuance of documents presented for identity, date of birth and lawful status. Immigration documents presented for a Real ID-compliant driver's license will be

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electronically verified with the Department of Homeland Security (DHS). If the documents cannot be verified, a card will not be issued.

SENATOR COFFIN:

The Homeland Security database is known to have problems. Will the DMV's use of the Homeland Security database mix information with the Do Not Fly list?

MS. WILSON:

Currently, the DMV verifies immigration documents through a DHS system called Systematic Alien Verification of Entitlements (SAVE). Specific information is entered into the system and responses are sent to the State. We have not had any problems with this system.

ASSEMBLYMAN HOGAN:

The Committee understands there is pending federal legislation, House Resolution (H.R.) 140, which would penalize those states that fail to fully comply with the Real ID program. Could this legislation cause reductions in our federal Highway Fund? If we have an unexpectedly large number of people opting for the non-compliant ID card, will that affect our funding?

MS. WILSON:

We are tracking H.R. 140. It would reduce federal Highway Funds to states that are noncompliant. If we maintain the implementation plan we are currently following, Nevada will not be affected by the passage of H.R. 140.

CHAIR McCLAIN:

Can you explain Senate Bill (S.B.) 52? Is that an agency bill?

SENATE BILL 52: Revises provisions relating to drivers' licenses and identification cards to facilitate implementation of the federal Real ID Act of 2005. (BDR 43-391)

MS. WILSON:

Yes, it is an agency bill. It changes some language in chapters 482 and 483 of the *Nevada Revised Statutes* (NRS) to carry out provisions of the Real ID Act. It allows us to put a list of acceptable documents into regulation, it requires the evidence of lawful status and primary resident address for applications and it requires the resident address to be printed on the face of the card with some exceptions. Peace officers, for example, would be exempt from this requirement.

CHAIR McCLAIN:

It also requires the return of surrendered licenses and ID cards to the jurisdictions that issued them. Does that mean physically?

MS. WILSON:

Prior to central issuance, the DMV collected the card and mailed it back to the state of record. Now, we invalidate the cards and return them to the customers with their interim documents and a notice of surrender is sent to the state of issuance.

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CHAIR McCLAIN:

Is there an additional fiscal impact from S.B. 52?

MS. WILSON:

No. All fiscal impact is included in the budget before you.

CHAIR McCLAIN:

What kinds of modifications will be needed at field offices for implementation of the Real ID Act?

MS. WILSON:

Modifications will be required at the Donovan office to provide adequate space for proper customer flow to meet the photo first and document scanning requirements of the Real ID Act.

CHAIR McCLAIN:

Is the customer's picture taken first?

MS. WILSON:

Correct. Customers present their documents and have their photograph taken while the documents are scanned. Then customers are sent to the field technician for final processing.

CHAIR McCLAIN:

What is involved in the final processing?

MS. WILSON:

The field technician enters the driving privilege and address information into the DMV application which will ultimately produce the driver's license. Once the field technician has completed this application, the customer receives his interim license.

CHAIR McCLAIN:

Please tell the Committee about the proposed new call center.

MS. WILSON:

We propose a dedicated call center to respond to calls specific to the Real ID Act. It will open one month before implementation and run through calendar year 2010. Based on lessons learned from the Nevada Rebate project, it is imperative the Department is prepared to answer all Real ID calls with minimal impact on existing DMV business.

CHAIR McCLAIN:

Is that not something current staff could do?

MS. WILSON:

We could consider that, but we believe additional staff is important to handle the increased volume.

CHAIR WOODHOUSE:

Has the agency considered performance measures to track the effectiveness of implementing the Real ID Act?

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Ms. WILSON:
No, we have not.

CHAIR McCLAIN:
The DMV will experience an increased workload related to the implementation of the Real ID Act. When do you anticipate the workloads will return to normal?

Ms. WILSON:
The Real ID Act provides for a phased implementation based on age. If the DMV meets material compliance by the end of this year, those who will be younger than 50 on December 1, 2014 will have a valid driver's license through 2014 and those older than 50 will have a valid driver's license through 2017. We do not know how many people will not wait to obtain the new card.

SENATOR RHOADS:
Will a commercial driver's license be treated any differently?

Ms. WILSON:
The commercial driver's license will be Real ID Act-compliant or Nevada standard as the customer prefers.

ASSEMBLYWOMAN KOIVISTO:
What is the purpose of continuing to issue a Nevada standard driver's license that is not Real ID Act-compliant?

Ms. WILSON:
We want to give the citizens of Nevada a choice. Some people do not want to present additional documentation, do not need to fly or already have a passport. A Real ID Act-compliant card is an official document for those who do not wish to obtain a passport.

IZZY HERNANDEZ (Managing Partner, RZ & Associates, LLC):
The Real ID-compliant card is one of the alternatives for those people who fly constantly. It is a convenience to the citizens of the State.

CHAIR McCLAIN:
Can you use your passport to satisfy the identification requirements to obtain a Real ID?

Ms. WILSON:
A passport is acceptable as evidence of identity and date of birth to obtain a Real ID-compliant card.

CHAIR McCLAIN:
Will that also be acceptable as proof of address and social security number?

Ms. WILSON:
No. A passport is valid as proof of identity and date of birth only. There are approximately seven documents that will prove your social security number.

CHAIR WOODHOUSE:
We will open the budget hearing on the Hearings Office, B/A 201-4732.

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DMV - Hearings – Budget Page DMV-10 (Volume III)
Budget Account 201-4732

TOM CONNER (Chief Administrative Law Judge, Office of Administrative Hearings, Department of Motor Vehicles):

I will read my prepared testimony ([Exhibit E](#)). The Hearings Office is primarily highway funded and receives its general authority under NRS 481. Our mission is to conduct hearings in accordance with the NRS and existing case law. Its purpose is to ensure the public's right to an administrative review of any sanction imposed by the Department. The vast majority of our hearings concern driver's licenses that have been revoked because of an arrest for driving while under the influence of alcohol or a prohibited substance (DUI).

At present, the Hearings Office consists of 12 full-time employees statewide. Our office has maintained that same staffing level since 1994. In this budget, we are requesting an increase of two positions under decision unit E-250 and relocation of office space from the Field Services Division under decision unit E-900. These requests will add resources to hire one DUI adjudicator and a legal secretary II in our Las Vegas office.

E-250 Working Environment and Wage – Page DMV-12

E-900 Trans Office Space Frm Field Services to Hearings – Page DMV-15

In FY 2008, it took an average of 133 days to conduct a hearing. So far, in FY 2009, the average time to conduct a hearing is 123 days. According to NRS 484.387: "The hearing must be conducted within 15 days after receipt of the request, or as soon thereafter as is practicable, in the county where the requester resides unless the parties agree otherwise."

With current staffing levels, it is impossible to satisfy the 15-day requirement. In addition, NRS 484.387 allows a person awaiting their administrative hearing to regain full driving privileges using a temporary driver's license. This enables most of our petitioners to continue to drive when they have already demonstrated a propensity to endanger the public by driving while intoxicated. In fact, the problem of petitioners driving while intoxicated on a temporary driver's license was significant enough that this body addressed the problem in the last Session. Assembly Bill No. 497 of the 74th Session amended NRS 484.387 to prohibit the issuance of an additional temporary driver's license to any person arrested for DUI while driving on a temporary driver's license. While this legislation addressed the problem, it treated a symptom without addressing the underlying cause.

The solution to this problem is to decrease the number of days it takes to conduct a hearing. The only way to decrease that number is to increase staffing at the Hearings Office. Based upon the performance of the current DUI adjudicator, the new DUI adjudicator will be able to hear an additional 85 cases each month.

ASSEMBLYMAN GOICOECHEA:

How many cases are pending currently?

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MR. CONNER:

There are approximately 150 files in the office waiting to be set for hearing.

ASSEMBLYMAN GOICOECHEA:

Will one additional staff member be able to cut that in half?

MR. CONNER:

Yes.

ASSEMBLYMAN GOICOECHEA:

Does the adjudicator travel from Carson City or Las Vegas to the county where the hearing is requested?

MR. CONNER:

There is an administrative law judge who travels to the outlying areas. That person travels about once a quarter to each of the counties to handle the hearings that may be pending there.

ASSEMBLYMAN GOICOECHEA:

That would still not bring you within the 15 days; otherwise, he would have to travel at least once a month or every two weeks.

MR. CONNER:

That is true. However, we have pending legislation that will allow us to conduct telephonic hearings which will cut down on the delays.

CHAIR MCCLAIN:

You plan to conduct DUI hearings over the telephone?

MR. CONNER:

The plan is that witnesses will be able to testify over the phone. Under the current rules, an officer has to travel to the county of the petitioner.

CHAIR MCCLAIN:

Could you do videoconferencing?

MR. CONNER:

Yes.

CHAIR MCCLAIN:

I am concerned about people driving after they have been convicted of DUI. The court takes their licenses away, correct?

MR. CONNER:

No. There are two procedures for revoking a person's driver's license when that person has been arrested for a DUI. A pre-adjudication revocation hearing is conducted by the DMV based upon the results of the chemical test administered upon arrest. If the results are 0.08 or above, that person is issued a 90-day revocation before they go to court. Later, if convicted in court, the DMV is notified and issues another revocation which could be another 90 days or longer, depending upon the number of convictions the person has.

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CHAIR MCCLAIN:
Where does your office fit into this schedule?

MR. CONNER:
We fit into both scenarios. The majority of our cases are the initial 90-day revocation cases. But, anytime an administrative sanction is imposed by the department, that person would also have a right to an administrative hearing.

CHAIR MCCLAIN:
What percentage of the people who receive a revocation ask for an administrative hearing?

MR. CONNER:
I do not know. There are 3,000 requests for hearings annually.

SENATOR COFFIN:
Could you use Skype or a webcam for the hearings?

MR. CONNER:
The bill as written allows for telephonic, videoconferencing or other electronic communication.

CHAIR WOODHOUSE:
Do you know how much money could be saved on travel expenses?

MR. CONNER:
The figures I have for travel from the Carson City office is about \$8,000 for 20 hearings conducted.

CHAIR WOODHOUSE:
We will now open the hearing on Automation, B/A 201-4715.

DMV - Automation – Budget Page DMV-17 (Volume III)
Budget Account 201-4715

CHUCK CONNER (Chief of Information Technology, Division of Information Technology, Department of Motor Vehicles):
I will read from prepared testimony ([Exhibit F](#)). Motor Vehicle Information Technology (MVIT) provides the data processing services including applications programming, network support and operations support for the DMV. This includes the computers that the DMV personnel use, supporting the Internet and kiosk applications and supporting the transmission of data to and from the State's IBM mainframe. The MVIT continues to stabilize and enhance the DMV system, thereby reducing wait times.

Since the last Legislative Session, MVIT has achieved many things. We have developed and deployed a new generation of kiosks, completed central issuance of driver's licenses, including digital image and facial recognition and converted part of the Motor Carrier system from a third-party vendor to the DMV system.

There is one new program requested in this budget under module E-275 for \$60,000 each year of the biennium to upgrade fiber optic installation. The other

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significant enhancement units, E-710 and E-715, are both for replacement equipment.

E-275 Maximize Internet and Technology – Page DMV-19
E-710 Replacement Equipment – Page DMV-21
E-715 Replacement Equipment – Page DMV-21

CHAIR WOODHOUSE:

What is the status of the in-house motor carrier system development process?

MR. CONNER:

We are approximately two weeks away from implementation of the 100 percenters' phase of the program. This refers to those businesses that do 100 percent of their business in the State of Nevada. In June, we will implement the International Registration Plan (IRP) part of the system and the International Fuel Tax Agreement (IFTA) system will be completed by June 2010.

CHAIR WOODHOUSE:

Does the agency still project savings in contract fees for the 2009-2011 biennium?

MR. ROBERTS:

We have eliminated 100 percenter fees and IRP vendor fees in our budget.

CHAIR WOODHOUSE:

We will now open the hearing on Administrative Services, B/A 201-4745.

DMV - Administrative Services – Budget Page DMV-23 (Volume III)
Budget Account 201-4745

MR. COLLING:

Before we discuss the Administrative Services budget, I would like to address an earlier question raised about putting the Real ID Act implementation funding into the Contingency Fund. If there is no funding for this budget beginning July 1, 2009, we would have to suspend work on the implementation of the Real ID Act until after the grant money has been awarded in October 2009. We would not have the authority to receive the money until the November IFC meeting. We would like to receive funding through this Committee and offset that amount with the grant we are expecting in October. If we have to stop work on this project until November, we will not be able to meet the material requirement deadlines.

The Administrative Services Division is comprised of four sections: fiscal services; revenue; budget analysis; and facilities management. This division is funded by Highway Funds, certain fees collected by the department and two pass-through funding sources. This is one of the budgets that will be affected by the proposed change in funding. The fees will go directly into the Highway Fund, and the budget will be funded through appropriated Highway Funds. As part of the Governor's budget reductions, the Division has reduced its staffing level by one position.

We request an increase to the Base Budget in category 12, electronic payments. We project an increase in electronic payments. The DMV now collects approximately 70 percent, or \$700 million, of its revenue electronically. Ten years ago, that figure was effectively zero. The cost to the DMV for a customer to use a debit card or an electronic check is one-third of the cost for the customer to use a credit card. The growth in merchant service fees continues to be larger than any demographic increase. This is primarily due to the addition of new types of transactions available electronically and varieties of payment options. Although there continues to be substantial growth in the expenses associated with these methods of service and payment, the alternative to this path is significantly more costly. The DMV has not had to increase the number of facilities in the last ten years. A new full-service office in Las Vegas would cost approximately \$10 million for the land, \$12 million to build and between \$6 million and \$8 million to operate. The alternative services process the Department has implemented is equivalent to approximately 1.5 to 2 new full-service DMV facilities. The DMV requests an additional \$329,000 in the first year of the biennium and \$513,000 in the second year of the biennium for alternative services payments.

Regarding the impact of open positions in the Administrative Services Division, I am concerned about the loss of internal controls. A substantial amount of money is regularly processed in DMV field offices and service counters. This money must be counted accurately. If only one person is responsible for the count, there is a potential for problems.

CHAIR McCLAIN:

Which budget account has the postage money for mailing the Real IDs?

MR. COLLING:

That is contained in the Real ID budget, B/A 201-4746.

CHAIR McCLAIN:

When will they begin to be issued?

MR. HERNANDEZ:

We are scheduled to start issuing those letters one month prior to the issuance of the Real ID card.

CHAIR McCLAIN:

I am asking about the cost of mailing the card, not the notification letters.

MR. COLLING:

Are you asking about the card we currently mail?

CHAIR McCLAIN:

Are they being mailed out currently?

MR. COLLING:

Yes.

CHAIR McCLAIN:

Is the money for that in the Administrative Services budget, B/A 201-4745?

MR. COLLING:

No. I believe that is in Central Services, B/A 201-4741. I will confirm that and get that information to you.

CHAIR WOODHOUSE:

What impact will the elimination of the supply technician have on your Administrative Services budget?

MR. COLLING:

None.

CHAIR WOODHOUSE:

We will now open the hearing on the Compliance Enforcement budget, B/A 201-4740.

DMV - Compliance Enforcement – Budget Page DMV-30 (Volume III)
Budget Account 201-4740

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

I will read from prepared testimony ([Exhibit G](#)). Budget Account 201-4740 is a Highway Fund budget. It is the primary budget for the Division of Compliance Enforcement. Budget Account 101-4722, the Pollution Control Account, is also under the purview of the Division. Administrative and operational oversight for B/A 101-4722 is funded through B/A 201-4720.

The primary functions of B/A 201-4740 include the regulation of the automobile industry as it relates to the sale or transfer of ownership of motor vehicles; licensing and registration of automotive-related businesses; and protecting consumers and businesses from fraud and fraudulent uses of the DMV's processes, the highest profile of which is identity fraud. In the last quarter of calendar year 2008, the DMV began the rollout of central issuance. The core of this program is a technology known as facial recognition which employs an algorithm that compares your photo with all other photos contained in the DMV database. Each day, the Division receives a list of all matches from photos taken the previous day. Investigators look at each image to determine if there appears to be a fraudulent identity contained in any of the matches. All images that appear to be the same subject with more than one record are assigned for further investigation. To date, more than 531,000 records have been matched. Since October 2008, more than 28,000 records have been cleared and 82 records have been flagged as fraudulent. There are currently over 500,000 cases pending review and over 1,500 cases under review.

There are two enhancement units in this budget. Enhancement unit E-250 relates to the elimination of a cost allocation from B/A 101-4722. Enhancement unit E-900 transfers an existing position from the Central Services Division to the Compliance Enforcement Division. This position is responsible for all undercover law enforcement identities issued in this State as well as all covert vehicle registrations within the law enforcement community, including federal, state and local agencies.

E-900 Trans frm Central Svcs to Compliance Enforcement – Page DMV-34

ASSEMBLYMAN HOGAN:

Please explain the ability to perform the additional auto repair and auto sales duties being transferred from the Consumer Affairs Division of the Department of Business and Industry.

MR. DILLARD:

We have been contacted by the Department of Business and Industry regarding the elimination of the Consumer Affairs Division. There has been no decision yet regarding the transfer of those duties to the Division of Compliance Enforcement of the DMV; therefore, there are no budget implications contained within our budget regarding this change.

ASSEMBLYMAN HOGAN:

In your preliminary analysis, is there compatibility between protecting the consumer from fraudulent or inadequate services and the compliance investigations your Division currently handles?

MR. DILLARD:

There is a different focus between the duties of the Division of Consumer Affairs and the DMV. The DMV is a regulatory agency with oversight of the operations of those particular businesses. Chapter 597 of the NRS, which deals with the oversight of garages and body shops, was moved to the Consumer Affairs Division so focus would be on consumer recovery. The DMV's focus is to ensure businesses are following the regulatory structures of the State and are in compliance with State law. There is a manner of consumer recovery that occurs as a result of a proper regulatory oversight structure. Assembly Bill No. 93 of the 74th Session required a \$5,000 bond to be posted by all registered garages within the State. The consumer can apply for damage recovery under that bond. Those bonds are held by the DMV. Although the outcome may be the same for the consumer, the DMV does not have the same tools and focus as the Consumer Affairs Division.

CHAIR WOODHOUSE:

Your performance indicators project an active caseload of 500 cases while the number of cases closed is projected to remain flat at 6,000. Can you please explain this to us?

MR. DILLARD:

The active caseloads represent the number of cases open for investigation at any given time. The total is the outcome of all cases accumulated throughout the year. There are no additional investigative staffing resources contained in this budget, nor any ability to increase the individual investigator's caseload. There are no new performance indicators related to the new facial recognition technology. We have to touch thousands of records without conducting full investigations, and we are still developing tracking methods to handle just the facial recognition part that uncovers these for us to open a full investigation.

CHAIR WOODHOUSE:

We will open the hearing on the Motor Vehicle Pollution Control budget, B/A 101-4722.

DMV - Motor Vehicle Pollution Control – Budget Page DMV-37 (Volume III)
Budget Account 101-4722

MR. DILLARD:

I will read from prepared testimony ([Exhibit H](#)). Budget Account 101-4722 is the State's Motor Vehicle Emission Inspection Program budget, also known as the Pollution Control Account. This budget is funded with fees coming from a \$6 assessment from smog checks conducted in Clark and Washoe Counties. Additional revenue comes from licensing fees for emission stations and inspectors. The Division of Compliance Enforcement is designated as the implementation and enforcement component of the State's Air Quality Program as it relates to vehicle emissions. Clark and Washoe Counties also receive one dollar for each emission certificate sold in their respective Counties. Revenues in this account remain strong and have continued to increase despite the decreases seen in other funding sources.

The Emission Program unit of the DMV has completed the transition of all emissions stations in the new Vehicle Information Database (VID). In calendar year 2008, 1,394,735 emissions tests and 52,613 vehicle registration renewals were completed by participating stations, allowing those customers to avoid making a trip to the DMV. The new VID was built and is maintained by Department staff. The former vendor contract, which cost approximately \$3 million a year, was eliminated. In October 2008, the new diesel VID was completed and implemented.

The expansion of the Division's responsibilities and the associated resources has resulted in the addition of six investigators in the Las Vegas region over the last two Legislative Sessions. Presently, two supervising investigators oversee eleven and twelve investigative staff, respectively. Eight of those staff are from the Emissions Program but are supervised by Highway Funded positions through a cost allocation. The addition of one supervisory compliance enforcement investigator through module E-250 is the highest priority within this Division's budget. The requested position would supervise the eight Emissions Program staff and enable the two Highway Funded supervisors to oversee eight and seven Highway Funded investigators, respectively.

The enhanced ability of the Department to identify fraudulent practices has consequently increased the Department's workload. The supervisors in the Las Vegas region are unable to provide the necessary tutelage and oversight their responsibilities require. In addition to providing a more reasonable supervisory span of control, the addition of this supervising investigator will increase the Department's ability to maintain a clearer line of budget account integrity. The supervisor will oversee only the investigative staff within the budget account. This will eliminate the cost allocation to B/A 201-4740 as addressed in decision unit E-250 in that budget.

E-250 Working Environment and Wage – Page DMV-39

ASSEMBLYMAN HOGAN:

Why does that supervisory individual require a public vehicle? What is the Department's policy for home storage?

MR. DILLARD:

The position is a sworn law enforcement position. All sworn staff members are funded for a vehicle. Their duties require travel in the field. Additionally, none of the Department's locations has secure storage and these vehicles have equipment that either cannot be removed or cannot be left unattended overnight. The Department's policy is to allow home storage for those types of vehicles.

MR. COLLING:

The DMV does not have home storage of any vehicles other than law enforcement vehicles.

CHAIR WOODHOUSE:

What aspect of the supervising investigator's work requires a sedan rather than a truck?

MR. DILLARD:

Sedans are chosen for law enforcement to accommodate individuals taken into custody or witnesses travelling with the officer.

The DMV requests funding through enhancement unit E-737 to conduct an advertising campaign for the smoking vehicle hotlines in Clark and Washoe Counties. The Department supports the hotlines and responds to approximately 10,000 calls each year. Calls from Clark County account for only 50 percent of the total volume, although roughly 70 percent of the vehicles in the State are registered in Clark County. This discrepancy can be attributed to the existence of an advertising campaign in Washoe County and its absence in Clark County.

E-737 New Programs – Page DMV-42

ASSEMBLYWOMAN KOIVISTO:

What is the enforcement process for the smoking vehicle hotline?

MR. DILLARD:

If the individual who reports the violation is not a law enforcement officer or a member of the Department, a notice is sent to the registered owner of the vehicle. That vehicle is then entered into a tracking database. Once a vehicle is reported several times by the public or by a law enforcement officer, it is put onto a hot list. Those vehicles are targeted for enforcement. Additionally, the smog check station associated with the vehicle is investigated to ensure they are performing their duties correctly.

ASSEMBLYMAN GOICOECHEA:

Can a police officer cite a vehicle for smoking?

MR. DILLARD:

Yes, it is a violation of chapter 484 of the NRS to have a vehicle on the road that emits smoke.

ASSEMBLYMAN GOICOECHEA:

Does the citation for a smoking vehicle require a new emissions test?

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MR. DILLARD:
Yes.

ASSEMBLYMAN HOGAN:
Regarding the hotline, you have called for equal expenditures in both years of the biennium. Can you explain why a reduction in the second year would not be acceptable? And will additional staffing be required to handle additional calls?

MR. DILLARD:
We do not anticipate a need for additional staffing. We will take advantage of all the PSA opportunities we can for this campaign. There are initial costs for printing bulletins.

MR. JACOBS:
It is critical to mount a sustained campaign to rise above the commercial clutter and remain in the public's awareness.

ASSEMBLYMAN HOGAN:
Do you find it more difficult in this economic situation to place PSAs?

MR. JACOBS:
No.

CHAIR WOODHOUSE:
Have you started discussions on performance indicators for this program?

MR. DILLARD:
Not yet, but we will.

CHAIR WOODHOUSE:
We will now open the budget hearing on Central Services, B/A 201-4741.

DMV - Central Services – Budget Page DMV-45 (Volume III)
Budget Account 201-4741

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

I will read from prepared testimony ([Exhibit I](#)). The Division of Central Services and Records is made up of three distinct areas: Alternate Services, Processing Services and the License Plate Factory, commonly known as the Tag Plant. During the past 18 months, the Tag Plant designed and produced four new specialty designs based on the approval of the Special Plate Commission. The Processing Services area is tasked with the responsibility of processing documentation submitted by mail such as regular and salvage titles; convictions and accidents to be retained on a driver history record; and the document imaging section charged with meeting the State's archival retention mandates.

During the 2007 Legislative Session, this Division received approval for the assistance of five sunset positions and equipment to address the backlog we had in the document imaging section. The backlog will be eliminated by June 30, 2009. The sunset positions have been eliminated from the FY 2010-2011 budget. The Department has eliminated several other positions

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to reduce costs. Enhancement unit E-900 requests a transfer of one DMV services technician III to the Division of Compliance Enforcement where it can be more appropriately located in Reno.

E-900 Trans frm Central Svcs to Compliance Enforcement – Page DMV-51

ASSEMBLYMAN HOGAN:

Please tell the Committee more about how you have managed the efficiency increase in the call center.

MS. BARNES:

We have streamlined our processes. There are technicians in the centralized call center who are knowledgeable about most of the programs within the Division. If we get an influx of calls relating to a particular issue, we pull staff from other areas until that call volume is reduced. We have a management system that allows us to track the number of calls and the responses to them.

CHAIR MCCLAIN:

Is there an effect on the Tag Plant due to declining revenues?

MS. BARNES:

They are not producing as many plates for the offices, but the specialty plates are produced at the same level.

CHAIR MCCLAIN:

There is an increase in the budget for the cost of materials, but you state scrap sales will be down.

MS. BARNES:

The increase in material costs is due to the rising price of aluminum.

CHAIR MCCLAIN:

Why are the scrap sales going down if the price of aluminum is higher?

MS. BARNES:

The Tag Plant is trying to be more efficient. The scrap metal that is turned in is from people returning their plates.

CHAIR MCCLAIN:

What happens to the Tag Plant if the Nevada State Prison (NSP) is closed?

MS. BARNES:

We have had discussions with the director of the Nevada Department of Corrections (NDOC). He has promised to move our inmates to the adjoining prison at Warm Springs, and they would bring those inmates to the Tag Plant every day.

CHAIR MCCLAIN:

Has there been discussion about moving the Tag Plant?

MS. BARNES:

There has been discussion, but it has not been substantive.

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CHAIR WOODHOUSE:
We will open the hearing on B/A 201-4711.

DMV - Records Search – Budget Page DMV-58 (Volume III)
Budget Account 201-4711

MS. BARNES:
The Records Section is a self-funded budget receiving funds through the sale of records to those entities outlined in NRS 481.063. There are no enhancements requested for this budget account.

CHAIR WOODHOUSE:
Please explain how the economic downturn affects your revenue.

MS. BARNES:
There is a decrease in the number of requests and a resultant decrease in revenue.

ASSEMBLYMAN CONKLIN:
Can you elaborate, please?

MS. BARNES:
We have seen a decrease, but I cannot tell you exactly why.

MR. COLLING:
The DMV does projections of the Highway Fund prior to each biennial session. Projected revenue for FY 2007-2008 was just over \$12 million, while the actual revenue was just under \$11.5 million. Projections for FY 2008-2009 and FY 2010-2011 are lower than those for FY 2007-2008.

CHAIR MCCLAIN:
This account was formerly supported by revenues from these fees. Under the new proposal, how much money will be added to this budget from the Highway Fund?

MR. COLLING:
The expenditures in this account are significantly less than the revenues. Under the new proposal, this budget will continue to be funded by the fees charged for services. The excess revenue, about \$10 million, would go directly into the Highway Fund.

CHAIR WOODHOUSE:
How does the decline in records search requests correspond to your workload?

MS. BARNES:
Many requests are handled automatically by the Information Technology group. The technicians have approximately the same number of requests to handle directly.

CHAIR WOODHOUSE:
We will open the budget hearing on Field Services, B/A 201-4735.

DMV - Field Services – Budget Page DMV-64 (Volume III)
Budget Account 201-4735

THOMAS J. FRONAPFEL, P.E. (Administrator, Division of Field Services, Department of Motor Vehicles):

I will read from prepared testimony ([Exhibit J](#)). The Field Services Division is responsible for the direct customer service activities for driver's licensing and vehicle registration. These activities include ensuring only safe and knowledgeable drivers receive and maintain the privilege to drive on Nevada's streets and highways; registering of vehicles; issuing certificates of ownership; collecting required fees and taxes; registering of voters through the Motor Voter Program; and providing IVP services. These activities are conducted in 21 offices statewide.

The Division currently has 737 FTE positions. Due to the revenue shortfall in the current biennium, the Division has been unable to maintain 100-percent staffing at its Henderson, West Flamingo and Galletti Way offices. Nor was the Division able to request the 100-percent staffing for the North Decatur and Sahara offices placed in reserve for the current fiscal year. Plans for the Fernley and North Las Vegas offices approved during the last Legislative Session have been abandoned. Elimination of these offices and corresponding staff requirements is reflected in decision units E-606 and E-607.

E-606 Staffing and Operating Reductions – Page DMV-66

E-607 Staffing and Operating Reductions – Page DMV-66

Because of the revenue situation and the need to maintain vacant positions, there has been an increase in wait times in these offices. The average wait time in the southern metropolitan offices is 48 minutes and the Galletti Way office in Reno is 21 minutes. The Galletti Way office serves approximately 5,200 fewer customers each month than the southern metropolitan offices. This is due, in part, to the existence of two express offices and the Commercial Driver's License (CDL) office in Sparks. Through December 31, 2008, there has been a 5.3-percent decrease in customer volume in the southern metropolitan offices and a 6.9-percent decrease in the Galletti Way office.

Implementation of the kiosk program has reduced the number of customers who must meet one-on-one with a technician. Since the inception of the program, over 950,000 customers successfully used a kiosk to renew their driver's license or vehicle registration, handle an IVP reinstatement or print out their driving records. Kiosks are located in 14 of our 21 offices and there are an additional 7 kiosks in partnership locations in Las Vegas, Henderson and Reno.

ASSEMBLYMAN CONKLIN:

Where are the partnership locations?

MR. FRONAPFEL:

They are located in seven American Automobile Association (AAA) offices.

ASSEMBLYMAN CONKLIN:

Are those kiosks strictly for use of AAA members?

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MR. FRONAPFEL:
Any Nevada resident or citizen can use any of the kiosks.

ASSEMBLYMAN CONKLIN:
Who funds the kiosks?

MR. FRONAPFEL:
There is a direct Highway Fund appropriation to the vendor for the kiosks.

CHAIR MCCLAIN:
Where is the staff from Fernley going?

MR. FRONAPFEL:
The Fernley and North Las Vegas offices were never opened and the positions were held open. In this budget they have been eliminated in units E-606 and E-607.

CHAIR MCCLAIN:
What about the other 80 positions on hold?

MR. FRONAPFEL:
Those positions are held in a vacant status to meet salary savings because of revenue shortfalls.

CHAIR MCCLAIN:
Perhaps a few more positions could be eliminated to help balance the budget.

ASSEMBLYMAN HOGAN:
Is the decision not to open the North Las Vegas office based on more than budgetary concerns?

MR. FRONAPFEL:
No. It is strictly a budgetary decision.

CHAIR WOODHOUSE:
Please discuss the CIPs associated with this budget.

MR. FRONAPFEL:
The Department has approached the State Public Works Board for the purpose of initiating three CIPs; one in the Sparks CDL office and one in the Winnemucca office to repair pavement so the commercial and motorcycle driving tests can be conducted effectively and safely. The third CIP, the Henderson parking lot project, was initially proposed and approved last biennium. The plan was to expand the parking lot directly to the east of the facility onto adjacent property owned by Ocean Spray. Those negotiations failed and the project was abandoned. The \$180,000 budgeted for each year of the biennium was used to keep the Department under the 22-percent cap. The new plan is to expand the parking lot on State land.

ASSEMBLYMAN GOICOECHEA:
With how many county assessors is DMV contracted?

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MR. FRONAPFEL:

We are currently contracted with eight county assessors.

ASSEMBLYMAN GOICOECHEA:

How cost effective is that?

MR. FRONAPFEL:

I have not done an analysis from the Department's standpoint. For each transaction, the county receives a \$2 commission.

ASSEMBLYMAN GOICOECHEA:

Would it be possible to have Lyon County assume the duties of the Fernley office for the \$2 commission rather than incurring the expense of running an office?

MR. FRONAPFEL:

We have not evaluated additional county assessors' office locations for that purpose. There is no prohibition against any other county office to assume those tasks.

ASSEMBLYWOMAN KOIVISTO:

What is the reason for the reduction in Voter Registration Forms being printed?

MR. FRONAPFEL:

That item is a General Fund appropriation. The reduction is part of the overall reductions to State agencies.

ASSEMBLYWOMAN KOIVISTO:

Will you not need Voter Registration Forms?

MR. FRONAPFEL:

We print 20,000 to 30,000 forms. There was no reduction in the number of forms needed.

ASSEMBLYWOMAN KOIVISTO:

If there are fewer Voter Registration Forms at the DMV offices, will fewer people be able to register to vote?

MR. COLLING:

Although General Fund money is appropriated for printing these forms, the DMV will access Highway Fund money to ensure enough forms are printed for anyone who comes to the DMV counter to register to vote.

CHAIR WOODHOUSE:

We will now open the budget hearing on Motor Carrier, B/A 201-4714.

DMV - Motor Carrier – Budget Page DMV-72 (Volume III)
Budget Account 201-4717

RHONDA BAVARO (Administrator, Motor Carrier Division, Department of Motor Vehicles):

I will read my prepared testimony ([Exhibit K](#)). The Motor Carrier Division is responsible for ensuring compliance with Nevada's Fuel Tax laws by special fuel and motor fuel suppliers and motor carriers to collect and distribute the maximum amount of fuel tax revenue due Nevada. This Division is also responsible for licensing all commercial vehicles over 26,000 pounds and all vehicles with apportioned registrations, conducting audits of motor carriers and fuel suppliers and complying with the IRP and the IFTA. The Division has 54 FTEs assigned to offices in Carson City, Sparks, Elko and Las Vegas.

The DMV's Fuel Tax Distribution program, through the collection of revenues, enhances the State's ability to provide and maintain safe roadways for Nevada's citizens and tourists. Revenue is supplied to Nevada's rural areas for the maintenance of county and city roadways as well as to Nevada's airports. During FY 2007-2008, this Division collected and distributed over \$386.4 million in motor fuel taxes and over \$96.2 million in special fuel taxes to Nevada's Highway Fund. The Audit Unit completed 1,000 audits and collected an additional \$1,089,000 in taxes, penalties and interest. The Revenue Unit successfully collected over \$2,441,000 in delinquent taxes and fees due the State of Nevada.

ASSEMBLYMAN CONKLIN:

It appears you are projecting an increase in the collection of delinquent revenue. If you are expecting the delinquent revenue to increase, have you done any kind of risk versus reward analysis? Do people not have the money to pay their bills, or do people not pay because the penalties are not high enough?

KAREN STOLL (Motor Carrier Division, Department of Motor Vehicles):

There are progressive sanctions in place which create an incentive for someone to pay on time. The Division has projected revenues will increase in the delinquent collections. The primary reason for the increase is due to the Division now being fully staffed.

ASSEMBLYMAN CONKLIN:

Please provide the actual number of delinquent accounts for the last fiscal year and the projections for this current year to staff.

SENATOR COFFIN:

Please submit the information to support balancing this budget with the increase in driver's license fees and include the cost of the Real ID card to this Committee.

MR. COLLING:

Are you asking for a total dollar figure the DMV would need to stay under the 22-percent cap to go into the Highway Fund to be allocated back to the DMV's budget?

SENATOR COFFIN:

If the driver's license fee is raised, does it have to go into the Highway Fund and then be returned to the DMV?

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MR. COLLING:
Unless the law is changed, yes.

SENATOR COFFIN:
We should consider changing that statute.

MR. JACOBS:
We will get that information to the Committee.

CHAIR WOODHOUSE:
As we have no more business before this Committee, and there is no further public comment, we are adjourned at 10:34 a.m.

RESPECTFULLY SUBMITTED:

Patricia O’Flinn,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE:_____

Assemblywoman Kathy McClain, Chair

DATE:_____