

**MINUTES OF THE
SENATE COMMITTEE ON TAXATION**

**Seventy-fifth Session
February 24, 2009**

The Senate Committee on Taxation was called to order by Chair Bob Coffin at 1:40 p.m. on Tuesday, February 24, 2009, in Room 2135 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.

COMMITTEE MEMBERS PRESENT:

Senator Bob Coffin, Chair
Senator Terry Care, Vice Chair
Senator Maggie Carlton
Senator Randolph Townsend
Senator Mike McGinness
Senator Maurice E. Washington

COMMITTEE MEMBERS ABSENT:

Senator Michael A. Schneider (Excused)

STAFF MEMBERS PRESENT:

Russell J. Guindon, Senior Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Kyle Casci, Committee Secretary

OTHERS PRESENT:

Edgar J. Roberts, Director, Department of Motor Vehicles
Thomas J. Fronapfel, P.E., Administrator, Field Services Division, Department of Motor Vehicles
Dennis Colling, Chief of Administration, Administrative Services Division, Department of Motor Vehicles
Major Tony Almaraz, Deputy Chief, Nevada Highway Patrol, Department of Public Safety
Lieutenant William A. Bainter, Statewide Commercial Coordinator, Nevada Highway Patrol, Department of Public Safety

Tom Roberts, Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department
Frank Adams, Executive Director, Nevada Sheriffs' and Chiefs' Association
Dr. Dotty Merrill, Executive Director, Nevada Association of School Boards
Bob Anderson, Director of Fiscal Services, Carson City School District
Joyce Haldeman, Associate Superintendent, Clark County School District
Jeff Fontaine, Executive Director, Nevada Association of Counties
J. David Fraser, Executive Director, Nevada League of Cities and Municipalities
Bob Compan, Government Affairs, Farmers Insurance Group
Michael Geeser, Media/Government Relations, California State Automobile Association
Craig M. Stevens, Director of Education Policy and Research, Nevada State Education Association

CHAIR COFFIN:

Today, we are going to talk about and hear how we can collect money from individuals who live in the State but fail to register their cars here.

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

When someone comes into the Department of Motor Vehicles (DMV) to get a driver's license and does not register a vehicle, we take information from the driver's license and keep it on file. After 60 days, we compute a list of those individuals and send it to the Nevada Highway Patrol. The form to renew a driver's license states that Nevada Revised Statute (NRS) 482.385 requires new residents to register all vehicles operated in the State of Nevada within 60 days of becoming a resident or at the time they obtain a driver's license, whichever comes first. It was suggested we could add an additional question to the driver's license application to obtain more information.

CHAIR COFFIN:

To clarify what you are saying: Is there more information we can gather by asking additional questions that we have not been asking?

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

We have recently replenished our supply of driver's license applications, but we have noted to add additional questions on future applications that will help us identify people who come from out of state, get driver's licenses and may or may not own vehicles.

SENATOR CARE:

Is there anything that would prohibit you from asking identifying information about the person's vehicle?

MR. E. ROBERTS:

No, there is nothing that would prohibit us from doing that.

SENATOR TOWNSEND:

Where on the application is the portion about requiring people to register their cars after moving here?

MR. FRONAPFEL:

On the application, there is nothing stating that; it is stated on the renewal notices that go out.

SENATOR TOWNSEND:

What were you quoting from when you were talking?

MR. E. ROBERTS:

I was speaking about a driver's license renewal form. When people come here from out of state, they give us their other state licenses; we punch holes through the expiration dates and return them so people still have a form of identification. Then the Nevada driver's license comes in the mail to them in five to ten days. The forms included with the licenses state the requirement of registering their vehicles in the 60-day time frame.

SENATOR TOWNSEND:

My concern is people do not pay attention to the little black lettering on the form. We should change it so people will actually pay attention to the wording.

MR. E. ROBERTS:

Yes, we can change the appearance of that information so it will be more noticeable. Our technicians at the counter inform people of the time frame they have to register their cars.

SENATOR CARLTON:

Are there any states that we do not accept driver's licenses from?

MR. FRONAPFEL:

We do not accept driver's licenses from any other states as a single form of identification in order to translate it to a Nevada license. A driver's license is one of the three to four forms of identification necessary to prove your age and identity.

SENATOR CARLTON:

Besides out-of-state licenses, what else do you ask people to provide to prove their identification?

MR. FRONAPFEL:

Out-of-state driver's licenses, birth certificates, marriage certificates, divorce decrees and social security cards are some of the documents we require and accept to prove identification.

SENATOR CARLTON:

Your office does require a social security card?

MR. FRONAPFEL:

Yes, that is correct. If people do not have social security cards, they must fill out affidavits stating they do not have a social security number.

SENATOR CARLTON:

Do you not accept the tax identification numbers that other states do accept?

MR. FRONAPFEL:

It is an alternate form of identification if an individual does not have some of the other forms of identification.

CHAIR COFFIN:

How many people per month receive a notice about renewing their licenses?

MR. E. ROBERTS:

On average, about 2,000 people per month receive those notices.

CHAIR COFFIN:

Is there any other method of law enforcement for your list of unregistered people other than the Department of Public Safety (DPS)?

MR. E. ROBERTS:

We send that list as required once a month to DPS. We have discovered a law enforcement Website called Nevada Live. We are seeking information about that site in order to send the information down to a local law enforcement level.

CHAIR COFFIN:

To clarify, up to this point, nothing has been done other than sending the list over to DPS for enforcement?

MR. E. ROBERTS:

Yes, that is correct.

CHAIR COFFIN:

You are looking to post this informational list on a law enforcement Website to be seen by all local law enforcement jurisdictions?

MR. E. ROBERTS:

Yes. We are in the process of receiving information and developing the ability to send information to a Website accessed only by law enforcement agencies. All law enforcement agencies, including local law enforcement, could use the information we provide.

CHAIR COFFIN:

Do you need a statutory change to do that, or is it acceptable at this time?

MR. E. ROBERTS:

No, we do not need a statutory change; we just need permission from the law enforcement official who handles the Website.

CHAIR COFFIN:

After the list is released to DPS, you do not do anything else to try and collect?

MR. E. ROBERTS:

That is correct.

CHAIR COFFIN:

What is the penalty for failure to register when people finally register their cars?

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

When a person comes in to register a vehicle, we do not have any knowledge of how long they have had the vehicle. There is a penalty for registration for the Governmental Services Tax, but it is not a high-dollar penalty.

MR. E. ROBERTS:

The penalty is \$6 per month or 10 percent of the basic Governmental Services Tax, whichever cost is greater. That is per NRS 371.140.

CHAIR COFFIN:

If individuals are caught, they either have to pay per month or 10 percent of the cost of their registration?

MR. COLLING:

If they are caught, that is correct. However, if they decide to come in to DMV to register their vehicles; it does not qualify as being caught without registration.

MR. E. ROBERTS:

To follow up on that comment: It would be considered a new registration.

CHAIR COFFIN:

The penalty for failure to register is meaningless unless someone happens to get a ticket.

MR. E. ROBERTS:

It is in law for DMV to send the list of unregistered vehicles to DPS once a month. Also, in that law is a fine of \$250 or not more than \$500 if you are caught driving in the State without registration.

CHAIR COFFIN:

What is the difference between that fine and the 10-percent fine?

MR. COLLING:

The \$6 fine is for late registration of a vehicle previously registered. When they come in to register vehicles, we notice there has been a lapse in registration. The \$250 fine is when you are caught with an unregistered vehicle.

MAJOR TONY ALMARAZ (Deputy Chief, Nevada Highway Patrol, Department of Public Safety):

We enforce and cite motorists for failure to register when we catch them during the process of a routine traffic stop without proper registration. Citations we issue and enforce are tracked through a statistical data sheet and the Computer Aided Dispatch system (CAD). When officers pull motorists over, they enter information into the system. The next time a car is stopped, CAD will tell an officer the history attached to that particular vehicle. It is the most technical way to track and enforce those violators.

SENATOR CARLTON:

For the record, my husband is employed by the Department of Public Safety. Presently, how many officers are you short?

MAJOR ALMARAZ:

At the moment, we have roughly 35 to 40 vacant positions. Nearly all those open positions are from southern Nevada.

CHAIR COFFIN:

Is your CAD system data shared with other law enforcement agencies?

MAJOR ALMARAZ:

No. The CAD system information is only shared within our agency.

CHAIR COFFIN:

Is it correct that if a trooper in an urban area issues a motorist a registration warning, there is no way for an officer in another area to know that?

MAJOR ALMARAZ:

Yes, that is correct.

CHAIR COFFIN:

Your agencies do not share information with other law enforcement unless it is about a warrant?

MAJOR ALMARAZ:

That is correct. In return, there is no way for other agencies to share their information with our agency.

LIEUTENANT WILLIAM A. BANTER (Statewide Commercial Coordinator, Nevada Highway Patrol, Department of Public Safety):

Last year, we issued 12,645 registration citations Statewide. To break those citations down, 7,000 were for expired license plates; 2,329 were for unregistered vehicles; 5 for improper registration; 197 were for falsified registration; 736 for suspended vehicle registration; 2,242 were for suspended license plates; and 51 for expired registration.

TOM ROBERTS (Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department):

We mainly enforce registration offenses when we come across them during the process of enforcing other offenses. In 2007, the Las Vegas Metropolitan Police Department wrote 11,400 citations for registration. In 2008, we issued 12,100 citations. I do not believe we would be able to devote enough people and time needed to enforce the list provided by DMV.

CHAIR COFFIN:

Do you keep track of and/or receive many phone calls from citizens turning in people for driving with other state plates?

MR. T. ROBERTS:

All phone calls we receive are recorded. However, due to higher priorities, I do not believe an officer would be dispatched for that type of call.

FRANK ADAMS (Executive Director, Nevada Sheriffs' and Chiefs' Association):

When it comes to law enforcement, searching for and citing vehicle registration is not seen as a high priority. Normally, the situation is only addressed when found during the process of handling another situation.

CHAIR COFFIN:

What happens when someone calls DMV about somebody having another state license plate?

MR. E. ROBERTS:

If someone informs DMV of a driver having an out-of-state plate, we contact the local law enforcement agency in that city along with the Highway Patrol.

CHAIR COFFIN:

How often does that happen?

MR. E. ROBERTS:

We do that for everyone who calls in to complain and provide us with the needed information so it may be enforced.

MAJOR. ALMARAZ:

Once in awhile, the Highway Patrol will receive a call from either DMV or a private citizen regarding a complaint about out-of-state plates. When we have some downtime, a trooper is sent to handle the complaint.

DR. DOTTY MERRILL (Executive Director, Nevada Association of School Boards):
The school boards in each of the State's 17 counties benefit from the funds that come from vehicle registration and the Governmental Services Tax.

BOB ANDERSON (Director of Fiscal Services, Carson City School District):
The school district receives 51 percent of the Governmental Services Tax and the city receives the remaining 49 percent. The school district's percentage is split into two funding groups: capital projects, which takes care of major maintenance and new building construction, and the general operating fund. Governmental Services Tax is the only source of revenue for our capital projects account. Since 2006, that revenue has been in great decline.

JOYCE HALDEMAN (Associate Superintendent, Clark County School District):
The Clark County School District, estimates that in fiscal year (FY) 2009-2010, we will receive \$91 million from the Governmental Services Tax. About \$61 million of that money will go into our general fund, which pays for teachers, utilities, school buses and other general fund expenses. The remaining \$31 million is budgeted into our capital projects fund, which takes care of small projects, outside of the building program, and the installation of portables.

CHAIR COFFIN:

Do you think citizens in your communities understand when they are not paying registration fees, they are really cheating the school system out of money?

MS. HALDEMAN:

No, that is not something of which most people are aware.

MS. MERRILL:

Individuals do not envision where their payments go beyond the payment counter at DMV.

MR. ANDERSON:

If registration is not being made, the Governmental Services Tax is not being collected, and the revenue is not distributed to the school district. The people taking the major impact here are our children.

JEFF FONTAINE (Executive Director, Nevada Association of Counties):

We recognize this to be a long-term, outstanding issue. The total amount of Government Services Tax distributed to counties for FY 2007-2008 was roughly \$152 million. On a weighted average, the Governmental Services Tax is 12 percent of a county's revenue. According to DMV, there are 2.3 million registered vehicles in Nevada, and there is a 1-percent rate of people who are not registering their vehicles. If you do the calculations, that can come out to a few million dollars in total revenue the counties are missing. It is important for all agencies to sit down and discuss a cost-benefit analysis compared to uncollected revenue.

J. DAVID FRASER (Executive Director, Nevada League of Cities and Municipalities):

I provided this Committee a handout on February 10 which includes information viable to this issue. First, consolidated tax accounts for about 46 percent of general fund revenue for our cities. Of the consolidated tax, 12 percent is comprised of the Governmental Services Tax. Seventy percent of our expenditures goes to public safety, judicial, public works, culture and recreation, general government, economic development and other things that affect quality of life within the city.

CHAIR COFFIN:

Have you thought about how local counties could help in the collection of this uncollected revenue?

MR. FONTAINE:

No. It could require some statutory change to collect any of those funds. It is an opportunity worth exploring.

CHAIR COFFIN:

Does your organization have any method of contact to alert you that someone is not paying registration fees?

MR. FONTAINE:

No. I am not aware of any county that has that type of hotline.

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MR. FRASER:

I am also unaware of any such hotline.

SENATOR MCGINNESS:

One component of enforcement that we should hear from is insurance.

BOB COMPAN (Government Affairs, Farmers Insurance Group):

It is estimated that 17 percent of the State's motorists are driving uninsured. Most likely, those individuals are not registering their cars. If uninsured motorists get into an accident, the State usually becomes responsible for paying the bills for any medical coverage. The State also loses revenue when people try to purchase insurance premiums out of state because the costs are possibly lower.

MICHAEL GEESER (Media/Government Relations, California State Automobile Association):

I agree we are not tackling a situation that has caused the State to lose revenue for some time.

SENATOR CARE:

Does an insurance company have any duty to issue statements to consumers saying their plates do not match the state in which they live? Are there any consequences companies can inflict on individuals for doing such a thing?

MR. COMPAN:

As for Farmers Insurance, we require a person to provide us with a Nevada driver's license number. Also, we inspect the car and look to see that the car is indeed registered in the State. For people who are not registered in the State and not purchasing insurance here, there is really no way for us to know or capture those individuals. There is a program through DMV called the Insurance Verification Program, but this program is antiquated. It is a potentially large source of revenue for the State. However, many folks are passing through the system, and they are not being reported as not having insurance. Therefore, it can tie in with the vehicle registration. The DMV has funding approval to make a live Web-based insurance reporting system to which law enforcement will have access. The target completion date is February 2010. There is also Assembly Bill 21, which will make the State work with insurers on the system.

ASSEMBLY BILL 21: Revises provisions governing the verification of motor vehicle liability insurance policies by the Department of Motor Vehicles. (BDR 43-437)

This will help capture a lot of folks through DMV. It will also benefit law enforcement, since they will have live access.

CRAIG M. STEVENS (Director of Education Policy and Research, Nevada State Education Association):

I have provided you with my statement and facts ([Exhibit C](#)) that I will briefly touch on. The government service tax (GST) is budgeted at over \$81 million for the next two fiscal years. In Washoe County School District, the FY 2007-2008 GST revenue totaled over \$14 million for general fund operation or 3.5 percent of revenues. For Clark County School District in FY 2008-2009, GST represented 2.8 percent of the general operating budget. The GST is considered local revenue for school districts. Local revenues constitute nearly 62 percent of all school district general funds. The GST is considered outside the Nevada Plan, which basically means that revenues like the GST are not guaranteed. On the other hand, when outside revenue exceeds estimates, State aid is not reduced. The Governor has proposed drastic cuts to K-12 education, creating a need for a broad and stable tax base so that K-12 can rely on stable funding in the future. These dramatic cuts include salaries and benefits for all education employees. The impact on the average employee is a 13-percent reduction. It will make it difficult to attract and retain educators in Nevada. Beyond just the cut on educator salaries are programs for students and professional development for teachers. Districts need capital funding, as well, to modernize, renovate and repair buildings. The GST is an important ingredient for all of this. We understand that finding new revenues to collect may be difficult, so it is incredibly important that revenues that are already on the books be collected to the fullest extent possible.

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CHAIR COFFIN:

There is nobody else to give constructive suggestions, so I adjourn this meeting at 2:59 p.m.

RESPECTFULLY SUBMITTED:

Kyle Casci,
Committee Secretary

APPROVED BY:

Senator Bob Coffin, Chair

DATE: _____