

**MINUTES OF THE
SENATE COMMITTEE ON ENERGY, INFRASTRUCTURE AND
TRANSPORTATION**

**Seventy-fifth Session
April 14, 2009**

The Senate Committee on Energy, Infrastructure and Transportation was called to order by Chair Michael A. Schneider at 9:15 a.m. on Tuesday, April 14, 2009, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Michael A. Schneider, Chair
Senator Maggie Carlton, Vice Chair
Senator John J. Lee
Senator Shirley A. Breeden
Senator Barbara K. Cegavske
Senator Dennis Nolan

COMMITTEE MEMBERS ABSENT:

Senator Randolph Townsend (Excused)

STAFF MEMBERS PRESENT:

Matt Nichols, Committee Counsel
Scott Young, Committee Policy Analyst
Sandra Hudgens, Committee Secretary

OTHERS PRESENT:

Martha Barnes, Administrator, Central Services and Records Division,
Department of Motor Vehicles
Bob Compan, Farmers Insurance; Nevada Insurance Council
Michael Geeser, President, Nevada Insurance Council; Media/Government
Relations, California State Automobile Association; AAA Nevada

Senate Committee on Energy, Infrastructure and Transportation
April 14, 2009
Page 2

Tom Conner, Chief Administrative Law Judge, Administrative Hearings Office,
Department of Motor Vehicles
Toni Boone, Administrative Law Judge, Administrative Hearings Office,
Department of Motor Vehicles
Paul Enos, CEO, Nevada Motor Transport Association

CHAIR SCHNEIDER:

Senator Townsend provided an article about a Scottish firm manufacturing a floating electric turbine the size of a subway train ([Exhibit C](#)). Three of these units are deployed off the coast of Portugal and produce enough electricity for 2,000 homes.

There are two articles on hybrid electric automobiles and the challenges they face ([Exhibit D](#) and [Exhibit E](#)). These articles are relevant to Senate Bill (S.B.) 327 this Committee passed.

SENATE BILL 327: Provides incentives for certain electrification projects.
(BDR S-377)

The third article from the *Las Vegas Sun* is about the debate on renewable energy and tax breaks ([Exhibit F](#)). The final article is about an energy-cost index for 2009 published by the Small Business & Entrepreneurship Council ranking all states on energy costs ([Exhibit G](#)). It shows Nevada 35th in the nation.

We have Assembly Bill (A.B.) 21 that we are going to amend.

ASSEMBLY BILL 21 (1st Reprint): Revises provisions governing the verification of motor vehicle liability insurance policies by the Department of Motor Vehicles. (BDR 43-437)

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

My written testimony on A.B. 21 has been submitted to the Committee ([Exhibit H](#)).

SENATOR CEGAVSKE:

On page 9, section 3, subsection 1, paragraph (b) of A.B. 21, it says, "May enter into a contract with any person to provide services relating to the system." What was the name of the company you mentioned?

Senate Committee on Energy, Infrastructure and Transportation
April 14, 2009
Page 3

MS. BARNES:

The company is called Insurance Industry Committee on Motor Vehicle Administration (IICMVA).

SENATOR CEGAVSKE:

Is it "V" as in Victor?

MS. BARNES:

Yes, IICMVA.

SENATOR CEGAVSKE:

And who are they?

MS. BARNES:

They are a committee formed by the American Association of Motor Vehicle Administrators (AAMVA).

SENATOR CEGAVSKE:

Are they a local company or a national company?

MS. BARNES:

They are a national company. We find out what other states are doing through AAMVA. The IICMVA committee was formed because all states are having an insurance problem. Big insurance companies have created Web services to enable verification of insurance. The IICMVA has created guidelines to help states query the insurance information.

SENATOR CEGAVSKE:

The Department of Motor Vehicles (DMV) would have to contract with IICMVA. Do you know the cost?

MS. BARNES:

We talked to one of the vendors called VeriSol VIV Vehicle Insurance Verification when I went to an AAMVA conference. We did the research for a couple of years. We studied the changes the DMV would have to make to be able to contract with VeriSol VIV Vehicle Insurance Verification. If we went with this vendor, the DMV would have to make 80 percent of the changes. We decided to save money by doing the remaining 20 percent of the changes. It would eliminate the middleman, and we would go directly to the insurance

companies' Web services. That company would have charged \$1 million to implement it and charge \$700,000 annually. By doing it ourself, DMV will be paying \$300,000 through the Interim Finance Committee, and the money will come out of the reinstatement fund through the Insurance Verification Program (IVP) at DMV.

SENATOR CEGAVSKE:
Will the contract be with IICMVA?

MS. BARNES:
There will be no contract. The IICMVA is the committee we go to for help to do our programming.

SENATOR CEGAVSKE:
Why do you need the language, "May enter into a contract with any person to provide services relating to the system?"

MS. BARNES:
When we first started looking at this, we wanted the option to go with a vendor.

SENATOR CEGAVSKE:
Can we delete page 9, section 3, subsection 1, paragraph (b) of A.B. 21?

MS. BARNES:
You can delete it. It no longer applies to us.

SENATOR CEGAVSKE:
I would like to remove that language.

SENATOR CARLTON:
If we removed that language, would it limit us in the future if we had difficulties or if we did not want to do it anymore? If we eliminate it, we have eliminated our options.

MS. BARNES:
Yes, we would eliminate that option.

SENATOR CARLTON:

We do not need it now, but we may need it in ten years.

MS. BARNES:

We are planning to implement this procedure February 2010. We do not want to come back; we want to make this work.

SENATOR CARLTON:

I am concerned about limiting our options when things do not work out the way we thought they would.

CHAIR SCHNEIDER:

I will read a paragraph about IICMVA ([Exhibit I](#)). There is also an antitrust statement in this article.

MS. BARNES:

When we contacted IICMVA, we were assigned a task force to assist us in the redesign of this program including representatives from law enforcement and the Division of Insurance.

BOB COMPAN (Farmers Insurance; Nevada Insurance Council):

Farmers Insurance is in support of A.B. 21. I have received complaints from our agents and from members of the Legislature that customers and constituents were getting fined from the DMV for their vehicle insurance lapsing pursuant to NRS 485.185. The old system is antiquated. We report to the DMV via tape cartridges, similar to giant "8-track tapes." By the time DMV updates their system, the DMV already sent out notifications to constituents to be fined for \$250 per vehicle. Some cars were already insured, or DMV would not catch the cars that were not insured. We encouraged the DMV to find a better way to verify insurance. After looking at a third-party administrator, it was decided the DMV could do it at half the expense, saving the State a lot of money. The IVP we have in this State is a large source of revenue putting \$10 million a year or more into the State Highway Fund. The program, right now, costs around \$1 million to administer. The statute was designed to keep uninsured drivers off Nevada's highways. We think it is a worthwhile endeavor to modernize the program because it is a Web-based program that law enforcement will be able to use.

We offered a friendly proposed amendment that was not included in the reprint of A.B. 21 ([Exhibit J](#)). We had a friendly amendment during the original hearing to mandate proof-of-insurance cards be shown at the DMV upon registration of the vehicle. This requirement was repealed at the 2003 Session. At that time, the director felt showing proof-of-insurance cards would increase the lines at the DMV. We would like to make it mandatory for proof-of-insurance cards to be presented upon registration. We entered this in the NRS 482.215, section 1 of the bill, and I am looking at the proposed amendment to *Nevada Revised Statutes* (NRS) 482.215 as section 1.5 of the bill. The amendment we had proposed in section 1 is missing from the reprint of A.B. 21. The language we proposed in section 1, subsection 3, paragraph (f) is, "... at the time of application for registration which meets the requirements of NRS 485.185: ..." and in subparagraph (3), paragraph (f), subsection 3, section 1:

... The evidence required by this paragraph must be specific to this State and must be issued by an insurance company licensed by the Division of Insurance of the Department of Business and Industry and approved to do business in this State. ...

SENATOR CARLTON:

The lines at the DMV were not the only problem. People could cancel their insurance as soon as they received their license plates. People are going to wonder why they have to show their insurance card when they did not have to do it the last time they were at the DMV.

MR. COMPAN:

The State is losing revenue on new insurance premiums from people coming into the State. People think they can use their insurance cards from out of state because they currently sign a waiver that they have insurance. The proposed amendment states that they must provide proof of insurance from an insurance company licensed by the Division of Insurance of the Department of Business and Industry approved to do business in this State.

SENATOR CARLTON:

It just proves they have insurance for one moment. It does not mean it will continue. Why would we distinguish between the insurance agent from a company out of state when the same company does business in Nevada?

MR. COMPAN:

We are not getting premium dollars or premium tax for the State. You have 30 days to register your car and get insurance in Nevada. If they register their car and cancel insurance tomorrow, the DMV is alerted by the insurance company through the vehicle identification number. With the enactment of the Web-based IVP program, the system is triggered to notify the insurance company for verification of insurance. If the insurance is cancelled, the DMV will be notified through that program, and they will be fined accordingly.

SENATOR CARLTON:

Is it possible to verify insurance without having to send people away with this Web-based system?

MS. BARNES:

The requirement in Nevada is to have Nevada insurance. We do not accept out-of-state insurance. If a customer shows us out-of-state insurance, they are told they must get Nevada proof of insurance before the DMV can register their vehicle.

SENATOR CARLTON:

Will the customer be sent away if they do not have their proof-of-insurance card when this program is enacted?

MS. BARNES:

We will be able to capture the policy number with this new system, and we will be able to verify the insurance without sending the customer away if they have their policy number. If they do not have their policy number, we will not be able to verify the insurance because the policy number is part of the query.

SENATOR CARLTON:

This is going to get ugly. People are used to not having to bring their proof-of-insurance card to the DMV and now we are changing the rules again.

MS. BARNES:

We are going to notify people and do public campaigns to advise people of this information.

SENATOR BREEDEN:

Will you already have the policy number in the new system?

MS. BARNES:

We plan to capture that information at the time the person comes in to register the vehicle. The insurance card will have the policy number and the insurance company. As the clerk is processing the transaction, the information will be sent out to the insurance company's Web services to determine if it is an active policy.

SENATOR BREEDEN:

Would you have existing information in your database on existing vehicles?

MS. BARNES:

We should have existing information because we would have captured it. We will have the ability for the customer to go to our Website when they change insurance companies. We will query the new insurance company to ascertain they have active insurance. We plan to check insurance records monthly to make sure the insurance is active. Every time a vehicle-registration transaction is processed the insurance verification will go out automatically and check the insurance coverage.

SENATOR BREEDEN:

Will people still have to bring in the insurance card so DMV staff can check the information?

MS. BARNES:

Yes.

MICHAEL GEESER (President, Nevada Insurance Council; Media/Government Relations, California State Automobile Association; AAA Nevada):

We support A.B. 21. We worked with the DMV on this bill. We tell our customers the inconvenience they experience at the DMV when they have to leave to get their Nevada proof-of-insurance card, saves them a \$250 fine. This new bill will keep people from having to pay the fine.

SENATOR CARLTON:

It is not the new residents I am worried about; it is the folks who have been going to DMV since 2003 when we changed the rules and they only had to sign a waiver. Now they have to provide their policy number, and unless they have a card in their car or can call their insurance agent, they will have to return.

MR. GEESER:

The DMV agreed to have a kiosk in front of the DMV listing the needed documents to register the vehicle, saving them from waiting in line without the proper paperwork.

MS. BARNES:

We have the option of giving the customer a pass to the front of the line.

CHAIR SCHNEIDER:

Do the Oregon plates I see in Las Vegas have Nevada insurance or Oregon insurance?

MR. GEESER:

There is a correlation that if someone does not have their vehicle registered in this State, they do not have Nevada insurance. The current uninsured rate in Nevada is 17 percent. We hope this system will capture those people driving without Nevada plates and insurance.

MR. COMPAN:

Mr. Geeser is the president of the Nevada Insurance Council, and I am on the executive board. We have agreed to put on an educational campaign. The DMV will have the information on their Website.

CHAIR SCHNEIDER:

Will this campaign cost you money?

MR. COMPAN:

Yes.

CHAIR SCHNEIDER:

You are a Good Samaritan to help DMV get the 20-percent uninsured vehicles insured. That represents a lot of money.

MR. COMPAN:

We would welcome any help we can get on that campaign.

SENATOR BREEDEN:

Is there a phone number folks could call if they know of individuals who have not registered their vehicles?

Senate Committee on Energy, Infrastructure and Transportation
April 14, 2009
Page 10

MS. BARNES:

It was discussed a couple of sessions ago. The bill did not go anywhere, and we do not have a phone number.

SENATOR BREEDEN:

Maybe that could be a part of your advertising information.

CHAIR SCHNEIDER:

Mr. Compan, we have your proposed amendment on A.B. 21, [Exhibit J](#). Has it already been voted on in the Assembly?

MR. COMPAN:

Yes.

CHAIR SCHNEIDER:

We will close the hearing on A.B. 21 and open the hearing on A.B. 28.

[ASSEMBLY BILL 28](#): Revises provisions governing hearings conducted by the Department of Motor Vehicles. (BDR 43-341)

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

I am in support of A.B. 28. My written testimony has been submitted to the Committee ([Exhibit K](#)).

SENATOR CARLTON:

In the Legislative Counsel's Digest in A.B. 28, can you explain NRS 483.448 and 483.463 and how they apply?

JUDGE CONNER:

The specific language in those statutes would be changed by A.B. 28. It would modify the language to allow the hearing to be conducted in some place other than the county where the person requesting the hearing resides.

MATT NICHOLS (Committee Counsel):

I think, if I understand your question, you're asking what kinds of proceedings are these that we're talking about? Chapter 483 [of NRS] deals with the license to operate a motor vehicle. Chapter 484 [of NRS] deals with registration of a vehicle. So, it would be

hearings related to the suspension or revocation of a driver's license, as I understand it, or the suspension or revocation of a motor vehicle registration.

SENATOR CARLTON:

I think this should have gone to the Senate Committee on Judiciary. Under section 1, on line 7 and on line 10, it has "... other electronic means" What is the definition of other electronic means?

JUDGE CONNER:

That was added to the bill to allow greater flexibility. If another technology appears in the future, we would not have to come back to the Legislature.

SENATOR CARLTON:

Other electronic means could mean e-mail, and I have concerns about it.

JUDGE CONNER:

It is possible someone could submit testimony through e-mail; however, the parties involved would have an opportunity to object. We currently get documentary testimony, an affidavit or a declaration through e-mail, and it is admissible.

CHAIR SCHNEIDER:

I am informed e-mail is standard procedure for hearing officers.

TONI BOONE (Administrative Law Judge, Administrative Hearings Office, Department of Motor Vehicles):

There is concern regarding the ability to cross-examine a witness. The cross-examination process is for criminal prosecutions. There has never been a State or federal court ruling that requires that same level of confrontation in a civil hearing. Workers' compensation hearings have been accepting testimony via telephone for a long time as well as the hearing officers in the Department of Education, Training and Rehabilitation. The bill will allow the Administrative Hearings Office of the DMV to do what the other administrative law judges and hearings officers in other State agencies have been doing for a long time.

CHAIR SCHNEIDER:

Can you demand the accused be available in person if one party objects?

JUDGE BOONE:

The administrative law judge would still have the discretion to require a witness to appear in person if the complexity of the case would warrant it or if it would appear the case would depend on the credibility of that witness.

CHAIR SCHNEIDER:

Is this bill just for the everyday, mundane cases to proceed forward?

JUDGE BOONE:

Yes. This morning I had a witness, who was the petitioner, testify by telephone at his request. This change will give us statutory authority to do what the other agencies have been doing. We will retain the authority to have a witness testify in person if it became necessary. The rulings of most state and federal courts have held that in civil hearings you can confront a witness via telephone or video conference. Having testimony in that manner does not violate any due-process rights. The U.S. Immigration and Customs Enforcement, Department of Homeland and Security; Federal Aviation Administration and other federal agencies are conducting administrative hearings by telephone.

PAUL ENOS (CEO, Nevada Motor Transport Association):

The Nevada Motor Transport Association supports A.B. 28. Frequently, the trucking companies are the petitioners who are usually out-of-state companies having an issue on how an audit was done or an issue with a driver with a revoked driver's license. This bill will create efficiencies for the government entities, the DMV, the Nevada Highway Patrol and law enforcement, as well as trucking companies.

CHAIR SCHNEIDER:

We will close the hearing on A.B. 28.

SENATOR CEGAVSKE:

I would like the chance to look over the amendments before the Committee meets.

Senate Committee on Energy, Infrastructure and Transportation
April 14, 2009
Page 13

CHAIR SCHNEIDER:

There being no further business, the Senate Committee on Energy, Infrastructure and Transportation is adjourned at 10:11 a.m.

RESPECTFULLY SUBMITTED:

Sandra Hudgens,
Committee Secretary

APPROVED BY:

Senator Michael A. Schneider, Chair

DATE: _____