

**MINUTES OF THE JOINT MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Sixth Session
May 5, 2011**

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chairwoman Debbie Smith at 8:10 a.m. on Thursday, May 5, 2011, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chairwoman
Assemblyman Marcus Conklin, Vice Chair
Assemblyman Paul Aizley
Assemblyman Kelvin Atkinson
Assemblyman David P. Bobzien
Assemblywoman Maggie Carlton
Assemblyman Pete Goicoechea
Assemblyman Tom Grady
Assemblyman John Hambrick
Assemblyman Crescent Hardy
Assemblyman Pat Hickey
Assemblyman Joseph M. Hogan
Assemblyman Randy Kirner
Assemblywoman April Mastroluca

SENATE COMMITTEE MEMBERS PRESENT:

Senator Sheila Leslie, Vice Chair
Senator Barbara K. Cegavske
Senator Moises (Mo) Denis
Senator Ben Kieckhefer
Senator David R. Parks
Senator Dean A. Rhoads

COMMITTEE MEMBERS EXCUSED:

Assemblyman John Ocegura
Senator Steven A. Horsford, Chair

GUEST LEGISLATORS PRESENT:

Assemblyman John C. Ellison, Assembly District No. 33

STAFF MEMBERS PRESENT:

Rick Combs, Assembly Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Scott Edwards, Program Analyst
Carol Thomsen, Committee Secretary
Cynthia Wyett, Committee Assistant

Chairwoman Smith welcomed persons to the hearing and advised that the Committee would not hear the budget accounts for the Department of Corrections (DOC) because of time constraints; however, she would allow public testimony from persons who had traveled from Elko County regarding the proposed closure of the DOC's Wells Conservation Camp (WCC). Chairwoman Smith apologized for any inconvenience and welcomed former Assemblyman Carpenter and Assemblyman Ellison.

John C. Ellison, Assembly District No. 33, introduced himself and former Assemblyman John Carpenter from Elko, Nevada. Assemblyman Ellison stated that Mr. Carpenter would introduce those persons who had traveled from northern Elko County to address the proposed closure of WCC.

Mr. Carpenter said he had served as an Assemblyman for 24 years. He and others from Elko County were present at the hearing to testify about what they believed was a very important matter for the Elko County area, which was the

proposed closure of WCC. Mr. Carpenter stated that the mayor and city manager from the City of Wells would like to provide a brief description of the economics of the area and explain why WCC was so important to residents of the area, particularly the senior citizens who relied heavily on assistance from the Division of Forestry (NDF) crews at WCC.

Chairwoman Smith asked that the testimony be brief. She advised that the Committee was in receipt of the packet of material submitted by Mayor Huff dated May 1, 2011 ([Exhibit C](#)), and the letter from Chris J. Melville, City Manager of the City of West Wendover ([Exhibit D](#)), and both exhibits could be viewed on the Nevada Electronic Legislative Information System (NELIS).

Kenny Huff, Mayor of the City of Wells, stated that the cost to operate WCC had been the subject of many debates during the tough economic times. However, the City of Wells understood it was the duty of local governments to help increase tax revenue, and local government officials believed that closing WCC would be counterproductive to that mission.

Mr. Huff explained that for two days after the 2008 earthquake struck Wells, commerce had been nonexistent—no gas was purchased, no restaurant activities were available, no gaming or bar activities were available, and there were no grocery store activities. Had the NDF crews from WCC not facilitated emergency response efforts, the commerce activity would have remained dormant for a significantly longer period of time, which would have affected the generation of tax dollars. Mr. Huff stated that the “dead commerce” situation was neither predicted nor expected, but it was swiftly turned around because of the proximity of the NDF crews at WCC. That situation could have been very different if crews had been required to respond from other conservation camps in the area, which were approximately 75 miles away.

Mr. Huff pointed out that WCC hired local people and conducted commerce with local businesses. That, in turn, allowed business owners to hire additional people and pay business taxes. Small businesses also paid modified business taxes, employment taxes, and collected sales tax. The local commerce from WCC generated dollars that went directly back to the state through local businesses.

Mr. Huff stated that the packet of information submitted to the Committee ([Exhibit C](#)) contained various letters from community and business leaders, who shared their views regarding the value of WCC to the community. Mr. Huff thanked the Committee for allowing him to present testimony.

Jolene Supp, City Manager, City of Wells, said she had recently talked to a business owner who reported that over the past year the commerce from NDF had generated over \$12,000, and the business owner felt there would be a significant effect on his business and his ability to continue to do business without WCC. According to Ms. Supp, the business owner reported that the \$12,000 did not include the business generated by employees of WCC. Ms. Supp wanted to make sure the Committee understood that closure of WCC would create a severe economic burden for the City of Wells.

Chairwoman Smith thanked Mr. Huff and Ms. Supp for traveling to Carson City to put their comments on record.

Mr. Carpenter stated that the City of Wells was an area that had not had the good fortune of sharing in the mining efforts in Elko County, and Wells was very much dependent upon other economic development. The people of Wells, particularly senior citizens, depended on NDF crews from WCC to provide assistance during the winter months in clearing sidewalks and with other tasks throughout the year. Mr. Carpenter introduced Mr. Murphy, who would explain the importance of WCC to the Department of Transportation.

Chairwoman Smith asked that testimony be brief; she pointed out that testimony was usually heard during regular budget hearings rather than budget closing hearings.

Michael Murphy, P.E., Assistant District Engineer, Department of Transportation (DOT), stated that District 3 covered much of the rural area, and DOT would support maintaining operation at WCC. The WCC provided NDF crews to complete inspection, repair, and replacement of redwood fences and to assist with installation of new snow fences. Mr. Murphy said vegetation removal included cutting and mulching weeds along DOT rights-of-way and cutting and removing dead trees and brush. The NDF crews also picked up trash and other debris along the highways, interchanges, and rest areas, said Mr. Murphy, and crews also assisted with painting buildings and general maintenance at DOT maintenance stations. Recently, NDF crews had assisted DOT in the installation of erosion controls, and the crews also supported DOT indirectly by working with towing and recovery companies to perform cleanup and recovery at highway accident scenes. Without the use of NDF crews from WCC, the Department might not be able to complete some of those activities in a timely manner, said Mr. Murphy, and scheduling crews from other areas might not be feasible because of the longer distances those crews would be required to travel.

Mr. Carpenter introduced Mr. Dahl and Mr. Minor from Elko County, who wished to present testimony to the Committee.

Demar Dahl, Chairman of the Elko County Commission, said he would like to explain the importance of the conservation camp crews as the first responders to wildfires. Mr. Dahl said Elko County had seen an incredible increase in the number of wildfires since 1980, which had a considerable effect on the environment and the economy. Having the conservation camps available as first responders was very important, and if WCC was closed and crews had to respond from Carlin, it would require more than two hours for crews to reach a fire in the eastern portion of Elko County.

Cash Minor, Assistant County Manager and Chief Financial Officer, Elko County, said he would make no additional comments and would concur with the remarks made by Mr. Dahl.

Chairwoman Smith thanked Mr. Dahl and Mr. Minor for traveling to Carson City to present testimony.

Mr. Carpenter stated that after serving in the Legislature for many years, he was aware of the benefits for inmates who worked at the conservation camps. The inmates were required to maintain a proper work routine that Mr. Carpenter believed was more helpful than simply "sitting in a cell." He opined that the human aspect of the conservation camps, along with the work inmates were able to accomplish, was one of the most important issues that should be considered. Mr. Carpenter thanked the Committee for allowing all parties to present testimony. He believed that WCC was very important, not only to Elko County, but to all of northeastern Nevada.

Chairwoman Smith thanked everyone for their testimony. She pointed out that when the DOC budget was considered for closure, the Committee would not take additional comments, because testimony had been placed on record today. She stated that Mr. Carpenter would be advised when the DOC budget was scheduled for closure. Mr. Carpenter said he would appreciate notification because he would like to attend the hearing.

Chairwoman Smith stated that the Committee would commence with review of budget accounts for the Department of Motor Vehicles (DMV). She excused those present for budget hearings for the Department of Corrections because those accounts would not be heard today.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – DIRECTOR’S OFFICE (201-4744)
BUDGET PAGE DMV-1

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the first major closing issue was the Governor’s recommendation to reorganize the Department of Agriculture and the Department of Motor Vehicles (DMV), whereby the Department of Agriculture’s Gas Pollution Standards budget, budget account (BA) 4537, would be consolidated into the Weights, Measures and Standards budget, BA 4551. The consolidated budgets would then be established in DMV.

Mr. Edwards noted that based on testimony and information provided during respective budget hearings and related work sessions, the General Government Joint Subcommittee’s preference was to not approve the Governor’s recommendation to move the consolidated Weights, Measures and Standards budget to DMV. The consensus of the Joint Subcommittee was to leave both programs within the Department of Agriculture.

Mr. Edwards stated that Budget Amendment No. 230 had been submitted by the Budget Division to reduce Highway Funds by \$55,851 in fiscal year (FY) 2012 and \$53,617 in FY 2013, with corresponding increases in cost-allocation reimbursements from the Weights, Measures and Standards budget. That action was directly related to the Governor’s recommended reorganization.

On April 15, 2011, said Mr. Edwards, the Budget Division submitted Budget Amendment No. 287B, which effectively reversed Budget Amendment No. 230, and according to supporting material, was submitted to withdraw the proposed reorganization between DMV and the Department of Agriculture as introduced via Senate Bill 468.

Mr. Edwards indicated that because Budget Amendment No. 287B reversed Budget Amendment No. 230, Fiscal Analysis Division staff would recommend not approving either budget amendment submitted by the Budget Division. During the budget closing for the Department of Agriculture on May 4, 2011, the Committee voted to not approve the reorganization of the Department of Agriculture within DMV as originally recommended by the Governor. Mr. Edwards stated that as a result, the Committee should not approve related Budget Amendments No. 230 and No. 287B.

Chairwoman Smith indicated that the Committee would take no action regarding the budget amendments because of the action of the Committee at the May 4, 2011, budget closing for the Department of Agriculture.

The second major issue for closing, said Mr. Edwards, was the kiosk program and the related convenience fee. The Governor recommended a change in funding source for the Director's Office whereby a new convenience fee would be established to recover the cost of the self-service kiosk terminals only. Convenience fee revenue was recommended in the amount of \$837,255 in fiscal year (FY) 2012 and approximately \$3.8 million in FY 2013, with a corresponding Highway Fund reduction based upon an April 2012 starting date.

Mr. Edwards noted that DMV had recently submitted revised kiosk program projections that decreased the funding associated with the program over the next biennium. Because of that, the funding included in decision unit Enhancement (E) 680 was reduced to \$610,236 in FY 2012 and \$2.65 million in FY 2013. A technical adjustment had been completed for the reduction, which was reflected in the closing adjustments for budget account (BA) 4744.

Under the current structure, said Mr. Edwards, DMV used Highway Funds to pay transaction fees to the private vendor that provided and maintained the kiosks. The Department's current kiosk contract allowed for the following kiosk-based services and related transaction fees:

1. Vehicle registration renewal for a \$4.99 fee.
2. Registration insurance reinstatements for a \$1.00 fee.
3. Driver history records for a \$1.00 fee.
4. Driver's License Renewals (not yet available) for a \$1.85 fee.
5. Duplicate registration (not yet available) for a \$3.00 fee.

Mr. Edwards stated that although driver's license renewals and duplicate registrations were allowable services under the vendor contract, those transactions were not yet available for the existing kiosks. The Department was working with its vendor to allow those services prior to the arrival of the next-generation kiosks in mid-2012.

According to Mr. Edwards, DMV reported that the effect of the new convenience fee would be to move kiosks out of the Highway Fund and into a self-funded program. Under the new structure, kiosk users would pay the transaction fee as an added convenience charge. Kiosk transaction fees paid by users would enable DMV to significantly expand its kiosk program over the next

biennium without the constraints of a Highway Fund appropriation. The Department indicated that no additional costs, beyond the actual transaction fee, would be passed through to kiosk users.

Mr. Edwards stated that DMV intended to issue a request for proposal (RFP) for the kiosk program under the new concept whereby the proposed growth in the number of kiosks, coupled with the availability of next-generation kiosk services, could result in reduced transaction costs. The Department reported that the new vendor contract would seek to deploy up to 40 kiosk terminals in each of the first two years of the contract, which would be in addition to the existing program's 26 kiosks.

Mr. Edwards indicated that the stated goal of DMV was to become more community-based. The Department indicated that convenience fees and subsequent program expansion would bring kiosks closer to the public via residential communities, business centers, colleges and universities, rural areas, and retail centers. By deploying a large number of new kiosks, DMV believed that the new self-funded program would reduce the number of people who visited field offices and would shorten wait times. Mr. Edwards noted that DMV had provided testimony to the Senate Committee on Finance on April 29, 2011, that indicated the RFP had been issued and the responses had recently been opened. Although DMV could not comment about specific information contained in the RFP responses, the indication was that kiosk transaction fees would not be more, and would probably be less, than those assessed under the current contract.

During the budget hearing on February 24, 2011, said Mr. Edwards, the Joint Subcommittee questioned DMV about whether there would be advertising on self-service kiosk terminals. In response, DMV reported that it was not certain, but indicated that vendors would prefer to advertise or secure sponsors to reduce their costs and related transaction fees. The Department testified that advertising was not allowed in state buildings, but it was seeking an opinion from the Office of the Attorney General about whether a kiosk would be considered a state building if it was placed in a public location.

Mr. Edwards stated DMV subsequently reported that it had received an informal, oral opinion from a deputy Attorney General that the statute prohibiting advertising in state buildings would not apply to advertising on a self-service terminal located on nonstate property. Mr. Edwards noted that Senate Bill 441 had been introduced to address the issue, and the bill had been heard by the Senate Committee on Finance on April 29, 2011. The bill provided that the Director of DMV might enter into a contract with the supplier of

self-service terminals or kiosks and authorize the vendor to charge and collect a nonrefundable processing fee for each transaction to compensate the self-service terminal supplier for providing the services.

According to Mr. Edwards, there was a 22 percent cap on the convenience fee. Under *Nevada Revised Statutes* (NRS) 408.235, DMV could not expend more than 22 percent of its Highway Fund collections, excluding gasoline tax, on administration. As originally submitted, The Executive Budget recommended Highway Fund appropriations for DMV in the amount of \$47.5 million in fiscal year (FY) 2012 and \$48.4 million in FY 2013.

Mr. Edwards noted that because of revised DMV revenues, budget amendments submitted by the Budget Division and technical adjustments determined in conjunction with DMV, such as revised Merchant Services Fees and kiosk program projections, the total Highway Fund requirements had been adjusted for the upcoming biennium. Because of those adjustments, the proposed Highway Fund appropriation totaled approximately \$46.95 million in FY 2012 and \$47.93 million in FY 2013, excluding gasoline tax administration. Based on revised Highway Fund revenue and expenditures, DMV would remain within the cap by approximately \$4.48 million in FY 2012 and approximately \$3.32 million in FY 2013.

However, said Mr. Edwards, because the proposed kiosk convenience fee reduced direct Highway Fund appropriations associated with an existing program, the table on page 9 of the packet entitled, "Closing List #11" ([Exhibit E](#)), compared the agency's ability to remain within its 22 percent cap should the 2011 Legislature not approve the convenience fee as a new funding source.

Mr. Edwards explained that should the Legislature not approve the new convenience fee recommended for kiosk program cost recovery, the additional net Highway Fund requirements would not result in DMV exceeding its 22 percent cap over the 2011-2013 biennium. Mr. Edwards said the 22 percent cap projections assumed that the 2011 Legislature would approve the Enhancement (E) 670-related decision units as recommended by the Governor.

The decision for the Committee, said Mr. Edwards, was whether it wished to approve the Governor's recommendation, whereby a new convenience fee would be established to pass-through the transaction fee associated with self-service kiosk terminals to customers using the self-service terminals. If so, revised convenience fee revenue would be approved in the amount of

\$610,236 in FY 2012 and \$2,653,307 in FY 2013, with corresponding Highway Fund reductions. Approval of decision unit E680 would be contingent upon passage of S.B. 441.

Senator Kieckhefer opined that the convenience fee for use of kiosks made a great deal of sense. The option to visit DMV offices would remain for those persons who did not wish to pay the fee. The convenience fee offered an opportunity to extend kiosk services into other areas of the state and would make DMV more accessible to customers. Therefore, Senator Kieckhefer offered the following motion:

SENATOR KIECKHEFER MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 680 AS RECOMMENDED BY THE GOVERNOR, CONTINGENT UPON PASSAGE OF SENATE BILL 441.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Ocegura and Senator Horsford were not present for the vote.)

The next major issue for the Committee's consideration was decision unit E681, advertising charges related to communication systems in field offices. Mr. Edwards explained that the Governor recommended advertising charge revenue of \$146,920 in each year of the 2011-2013 biennium for the purpose of creating communication systems in six metropolitan field offices: (1) Carson City; (2) Galletti Way in Reno; (3) Flamingo Road in Las Vegas; (4) Sahara Avenue in Las Vegas; (5) Decatur Boulevard in Las Vegas; and (6) Henderson. The Governor recommended the collection of advertising fee revenues to fully offset the costs of the communication systems. Mr. Edwards stated that the communication systems would include high-definition televisions, sound systems, and computers and related products. The costs would include installation services, content management training, and hardware and software network maintenance. The Department reported there were no plans at present to expand the system beyond the six aforementioned field offices.

Mr. Edwards said DMV had testified that the revenue and expenditure amounts included in The Executive Budget served only as a placeholder. The Department intended to issue a request for proposal (RFP) to allow vendors to bid on providing communication systems in the six major field offices, with the actual funding level and contracted services dependent upon responses received through the RFP process. Although the program would be dependent upon the

results of the RFP process, DMV had suggested general concepts for the advertising program, which might include, but were not necessary limited to, the following:

- Concept 1: The Department would lease the communications systems and undertake the effort to identify and secure advertisers.
- Concept 2: The Department would lease the communication systems and enter into a contract with a vendor who would identify and secure advertising to be displayed on the systems.
- Concept 3: The Department would enter into a contract with a vendor who would install and maintain its own systems and display advertising to recoup the vendor's cost. In exchange, the Department would be allowed to display public information, but would not receive any advertising revenue.

According to DMV, said Mr. Edwards, Concept 3 was the preferred scenario; however, DMV would not know for certain whether that concept was available until the RFP process had been completed. The Department was seeking authority to pursue an RFP to determine the actual concept for creating the communication systems from the aforementioned options or other options that might be available.

Mr. Edwards stated that under any scenario, DMV reported that approximately 75 percent of the information displayed on the communication systems would be public information concerning field office wait times, agency programs, public safety messages such as Amber Alerts, weather reports, highway and emergency functions, and other messages of public interest. The remaining approximately 25 percent of the information to be displayed would be private advertising for which either DMV or the vendor would receive sufficient revenue to recoup its costs. Mr. Edwards said if DMV leased the communication systems, its intent would be to collect only the revenue necessary to support the ongoing cost of the systems, with no additional revenue anticipated to offset actual Highway Fund appropriations in budget account (BA) 4744.

During the budget hearing on February 24, 2011, said Mr. Edwards, the Joint Subcommittee expressed concerns about the form of private advertising and the message content to be displayed in the DMV field offices, as well as the state's potential liability in prohibiting certain advertising messages from being publicly displayed. In response, DMV testified that if it developed and

issued the RFP, it would address issues such as the type of advertising and would specify that public information was the primary focus.

Mr. Edwards said the intent was to issue an RFP focused on public messages, and if vendors failed to bid on the RFP in that format, then the program would not move forward. Furthermore, on April 29, 2011, DMV testified before the Senate Committee on Finance that it would seek restrictions by regulation to ensure there was no objectionable content in the private advertising and would retain the final right of refusal for all content in advance of advertising to the public.

Mr. Edwards noted that Senate Bill 483 had been introduced and, if approved, would provide the statutory authority for DMV to proceed with an RFP to enter into an agreement for that purpose. If the Committee chose to approve the Governor's recommendation and S.B. 483 did not pass, DMV would have fiscal authority for the program, but would not have the statutory authority to implement the program. Because any communication system would be dependent upon statutory authority provided by S.B. 483, approval of the Governor's recommendation might not be necessary. If S.B. 483 passed, DMV would have the authority to issue an RFP and enter into an agreement for implementing the communication systems in its metropolitan field offices.

Based upon the terms of the actual agreement, said Mr. Edwards, and the estimated advertising revenue to offset related expenses if any, DMV could approach the Interim Finance Committee (IFC) to request that the appropriate revenue and expenditure authority be added to its budget. Mr. Edwards stated that if there were no revenues or expenditures associated with the negotiated agreement, as depicted in Concept 3, IFC approval would not be necessary because there would be no fiscal impact to DMV's budget. The Department would initiate the agreement once it obtained approval from the Board of Examiners, if necessary.

Based on that information, Mr. Edwards suggested the following options for the Committee's consideration:

Option 1: Approve decision unit Enhancement (E) 681, which would provide fiscal authority for DMV to implement communication systems in six metropolitan field offices, as recommended by the Governor. Should S.B. 483 pass, DMV would have fiscal authority for the communication systems with accompanying statutory authority to implement the systems. Should S.B. 483 not pass, DMV would have fiscal authority for the communication systems, but no statutory authority to execute the systems.

Option 2: Not approve decision unit E681, which would not provide fiscal authority for DMV to implement communication systems in six metropolitan field offices, as recommended by the Governor. Should S.B. 483 pass, DMV could approach IFC to request the appropriate fiscal authority, which would be dependent upon the terms of an actual negotiated agreement.

Senator Kieckhefer said it appeared that approval of Option 1 would give DMV fiscal authority to execute the communication systems, but if the bill failed to pass, DMV would not have the statutory authority to execute the systems. He asked whether that was correct.

Mr. Edwards stated that was correct. If the Committee chose Option 1 and approved decision unit E681, that would provide the fiscal authority recommended in The Executive Budget; however, without passage of S.B. 483, DMV would not have the statutory authority to execute the systems.

Senator Kieckhefer said under Option 2, it appeared that after the bill passed, DMV would have to approach IFC once a contract had been executed. He asked whether that was correct.

Mr. Edwards said that was correct. The Department would approach IFC to request the appropriate fiscal authority, which would be dependent upon the terms of an actual negotiated agreement. With the passage of S.B. 483, DMV would have statutory authority to issue an RFP, and once a response had been received, DMV would understand the available concepts and options to execute the program. The negotiated terms of the agreement would determine whether IFC approval would be necessary to add funding to the DMV budget or whether it would truly be an option where the vendor would undertake the entire operation of executing and maintaining the systems, and there would be no fiscal impact on DMV.

Assemblyman Goicoechea said it appeared that in any event, S.B. 483 had to pass to facilitate either one of the aforementioned options. Mr. Edwards stated that was correct. The Department needed the statutory authority necessary to execute the systems.

Chairwoman Smith asked whether there were further questions or comments, and hearing none, the Chairwoman called for a motion.

ASSEMBLYMAN GOICOECHEA MOVED APPROVAL OF DECISION
UNIT ENHANCEMENT (E) 681 AS RECOMMENDED BY THE
GOVERNOR, CONTINGENT UPON PASSAGE OF SENATE BILL 483.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

Assemblyman Hambrick said he would support the motion, but he wondered whether there would be further discussion about the three aforementioned concepts. He believed the Committee should give further guidance to DMV about the kiosk advertising program.

Bruce Breslow, Director, DMV, indicated that S.B. 483 had been submitted prior to his appointment as Director of DMV. However, DMV was most interested in Concept 3, which would allow the Department to submit an RFP to determine whether there was a vendor willing to install and maintain its own system and display advertising to recoup the costs, while allowing DMV to display public information. The system would display entertainment-based messages and advertising and would provide sponsorship of public messages by companies. Mr. Breslow said DMV had no interest in purchasing and maintaining its own equipment.

Chairwoman Smith called for a vote on the motion before the Committee.

THE MOTION CARRIED. (Assemblymen Conklin and Ocegüera and Senator Horsford were not present for the vote.)

Mr. Edwards explained that other closing items included decision unit Enhancement (E) 900, position transfer from Central Services. The Governor recommended the transfer of one DMV services technician 2 position from Central Services, budget account (BA) 4741, to the Director's Office. The position had been temporarily assigned to the Director's Office since January 2009. Transferring the position would align the budget for the account with the operational needs of DMV. Mr. Edwards noted that action taken on decision unit E900 would result in the same action for decision unit E900 in the Central Services budget account. Because of the information provided by DMV, the recommendation appeared reasonable.

The second item was the Governor's recommendation to transfer the LiveScan maintenance costs from the REAL ID budget account, (BA) 4746, to the Director's Office budget account via decision unit E901. Mr. Edwards said LiveScan fingerprint equipment enabled the agency to conduct background checks using the scan of a person's fingerprint. The recommendation was cost neutral because it would be funded with Highway Fund in either budget account. The action taken on decision unit E901 would result in the same action being taken in the REAL ID budget account. The recommendation appeared reasonable.

Lastly, said Mr. Edwards, in addition to technical adjustments previously noted concerning the kiosk program, Fiscal Analysis Division staff had completed technical adjustments to reflect the Department's revised revenue projections, and those adjustments were reflected in the closing packet for BA 4744 ([Exhibit E](#)).

The decision, said Mr. Edwards, was whether the Committee wished to approve the other closing items as recommended by the Governor, as well as technical adjustments as noted. Fiscal Analysis Division staff would seek authority to make further technical adjustments to the Department's revenues, cost allocations, and reserve levels in each budget account as appropriate, based upon the final approval of decision units in this and all other accounts within DMV.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN KIRNER MOVED APPROVAL OF OTHER CLOSING ITEMS, DECISION UNITS ENHANCEMENT (E) 900 AND E901, TECHNICAL ADJUSTMENTS AS NOTED, INCLUDING AUTHORITY FOR FISCAL ANALYSIS DIVISION STAFF TO MAKE FURTHER TECHNICAL ADJUSTMENTS AS APPROPRIATE.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – HEARINGS (201-4732)
BUDGET PAGE DMV-11

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that there were no major closing issues and no other closing items in budget account (BA) 4732. The Governor's recommendation for the budget account included only the decision units reflecting statewide inflationary

adjustments, fringe benefit rate adjustments, and adjustments to employee compensation.

Mr. Edwards said Fiscal Analysis Division staff recommended closing BA 4732 as recommended by the Governor.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

SENATOR CEGAVSKE MOVED APPROVAL OF BUDGET ACCOUNT
(BA) 4732 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela and
Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – AUTOMATION (201-4715)
BUDGET PAGE DMV-15

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in budget account (BA) 4715. Decision unit Enhancement (E) 710 recommended Highway Funds of \$341,900 in fiscal year (FY) 2013 to upgrade existing phone switches, such as communication systems and voice mail systems, for the Department of Motor Vehicles' (DMV) Galletti Way field office in Reno, the Henderson field office, and the Flamingo Road and Sahara Avenue field offices in Las Vegas.

Mr. Edwards said the decision unit included \$308,000 for equipment and related contractual system maintenance. The Department indicated the equipment in those offices would be 12 to 19 years old at the time of scheduled replacement and had reached the end-of-life stage when parts were no longer available, service could no longer be performed, or the systems had become so obsolete that upgrades were not possible. The Department further indicated that the Flamingo Road system served as the hub for all Las Vegas offices, and

if that system failed, telecommunications in the Las Vegas area would be disrupted.

Mr. Edwards noted that the item had been delayed from FY 2012 to FY 2013 to allow the Department of Information Technology (DoIT) to complete a telecommunication study in FY 2012, with the DMV's equipment to be upgraded based on the consolidation plan produced by DoIT's study. During the budget closing for DoIT on April 28, 2011, the Joint Committee approved the telecommunication study to be conducted in FY 2012.

Mr. Edwards stated that based on the information provided by DMV, the recommendation appeared reasonable. Technical adjustments had been completed by Fiscal Analysis Division staff regarding revised revenue projections, which resulted in adjustments to the transfers from the Records Search budget account, BA 4711, to Automation, BA 4715. Those adjustments were reflected in the closing sheets for BA 4715.

The decision was whether the Committee wished to approve the Automation budget account as recommended by the Governor, with the technical adjustments as noted.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN BOBZIEN MOVED APPROVAL OF BUDGET ACCOUNT (BA) 4715 AS RECOMMENDED BY THE GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS MADE BY FISCAL ANALYSIS DIVISION STAFF.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Conklin and Oceguela and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith declared the Committee in recess at 8:51 a.m. and reconvened the hearing at 10:13 a.m. She indicated the Committee would continue its review of budget accounts for the Department of Motor Vehicles.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – REAL ID (201-4746)
BUDGET PAGE DMV-7

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the major closing issue in budget account (BA) 4746 was program implementation. He pointed out that the funding for REAL ID that was recommended by the Governor for the 2011-2013 biennium would not be used to execute the REAL ID program. The funding was a continuation of federal funds that had been approved for BA 4746 to improve upon the security and integrity of driver's licenses and identification cards and the related processes.

Mr. Edwards said funding was included in the base budget. He indicated that page 14 of the closing packet ([Exhibit E](#)) described the REAL ID Verification Pilot Grant of \$364,482 for fiscal year (FY) 2012 and the associated programs and projects upon which those funds would be expended. Also depicted was the FY 2009 Driver's License Security Grant Program that included federal funds of \$308,879 for FY 2012 and the related programs and associated costs.

Page 15 of the exhibit, said Mr. Edwards, depicted the FY 2010 Driver's License Security Grant Program with related funding of \$197,826 for FY 2012 and \$60,907 for FY 2013 and the related programs and projects costs associated with the federal funding sources.

Mr. Edwards said should the Legislature choose to execute REAL ID, the Department of Motor Vehicles (DMV) had provided information regarding how quickly it could address the remaining benchmarks. It should be noted that Senate Bill 489 had been introduced and would have implemented "The Nevada Option" by authorizing DMV to issue two types of permits, licenses, and identification cards; however, no further action would be allowed on S.B. 489 because the bill missed the April 15, 2011, deadline.

According to Mr. Edwards, beyond the base funding, there were two transfers recommended under other closing items for BA 4746. The Governor recommended transferring costs associated with the Systematic Alien Verification of Entitlements (SAVE) program to the Field Services account from the REAL ID account via decision unit Enhancement (E) 900. The SAVE program was used to confirm whether or not a person was lawfully present in the United States, whether the person had permanent or temporary status, and the end-of-stay date or the date that the person must exit the United States. Mr. Edwards said the action taken on decision unit E900 in the

REAL ID account would result in the same action being taken for decision unit E900 in the Field Services budget account, BA 4735.

Mr. Edwards indicated that the second closing item was the Governor's recommendation to transfer maintenance for the LiveScan fingerprinting equipment from the REAL ID budget account to the DMV Director's Office budget account, BA 4744. Mr. Edwards pointed out that the Committee had already approved decision unit E901 within the budget account for the Director's Office.

Mr. Edwards said because of information provided by DMV, the base federal funding and the transfer decision units appeared reasonable. The decision was whether the Committee wished to approve the REAL ID budget account as recommended by the Governor.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN HARDY MOVED APPROVAL OF BUDGET ACCOUNT (BA) 4746 AS RECOMMENDED BY THE GOVERNOR.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegüera and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – COMPLIANCE ENFORCEMENT (201-4740)
BUDGET PAGE DMV-27

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the major budget issue in budget account (BA) 4740 was budget reductions and changes in staffing, decision unit Enhancement (E) 606. The Governor recommended reductions in Highway Funds of \$109,188 in fiscal year (FY) 2012 and \$110,228 in FY 2013 by eliminating one administrative assistant 3 position and reclassifying two compliance enforcement

investigator 2 positions to compliance investigator 2 positions. That action would downgrade the positions from sworn staff to nonsworn staff.

According to Mr. Edwards, the Department of Motor Vehicles (DMV) had provided information regarding the administrative assistant 3 position that indicated the position was currently vacant. Regarding the reclassification of the two compliance enforcement investigator 2 positions, DMV previously reported that the primary reason for the reclassification was to achieve fiscal savings. However, Budget Amendment No. 188 had been submitted by the Budget Division that eliminated the downgrade of the two sworn compliance enforcement investigator 2 positions to nonsworn positions and increased Highway Funds by \$47,965 in FY 2012 and \$48,077 in FY 2013.

Mr. Edwards said the supporting material provided with the budget amendment indicated that downgrading the positions would result in inefficiencies for Compliance Enforcement. According to the Department, the account currently included four sworn investigators regionally in southern Nevada who performed regulatory functions, and the downgrades would leave only two sworn staff to perform all criminally related functions. In addition, there were retained rate-of-pay issues associated with the downgrades that were originally recommended for the incumbents, pursuant to *Nevada Administrative Code* (NAC) 284.290. Therefore, said Mr. Edwards, the position downgrades would not have resulted in budget savings because of the right of the incumbents to retain their current rate of pay. Based upon the information provided by DMV, decision unit E606 and Budget Amendment No. 188 appeared reasonable.

Mr. Edwards said the decision was whether the Committee wished to approve decision unit E606 and Budget Amendment No. 188, which eliminated one vacant administrative assistant 3 position. Approval of decision unit E606, as amended, would result in net Highway Fund reductions of \$61,223 in fiscal year (FY) 2012 and \$62,151 in FY 2013.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

SENATOR RHOADS MOVED APPROVAL OF DECISION UNIT
ENHANCEMENT (E) 606 AND BUDGET AMENDMENT NO. 188.
ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegüera and
Senator Horsford were not present for the vote.)

Mr. Edwards said other closing items included Budget Amendment No. 227, which had been submitted by the Budget Division to add four monthly State Motor Pool vehicles—one sport utility vehicle and three sedans—in lieu of purchasing four vehicles, as recommended through one-shot appropriations in FY 2011. That action would result in an increase in net Highway Funds of \$5,053 in FY 2012 and \$10,333 in FY 2013. Mr. Edwards said the action was recommended because of the conversion of nonmanaged fleets to monthly State Motor Pool vehicles when agency-owned vehicles were scheduled for replacement. Supporting material from DMV indicated that the vehicles to be replaced would exceed 100,000 miles at the time of replacement. The recommendation appeared reasonable and was reflected in the closing adjustments for budget account (BA) 4740.

Mr. Edwards noted that Fiscal Analysis Division staff had completed technical adjustments to reflect DMV's revised revenue projections, and those adjustments were reflected in the closing adjustments for BA 4740. The decision was whether the Committee wished to approve other closing items as recommended by the Governor, including the technical adjustments as noted.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

SENATOR LESLIE MOVED APPROVAL OF OTHER CLOSING ITEMS
IN BUDGET ACCOUNT (BA) 4740 AS RECOMMENDED BY THE
GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegüera and
Senator Horsford were not present for the vote.)

BUDGET CLOSED.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – ADMINISTRATIVE SERVICES (201-4745)
BUDGET PAGE DMV-21

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the major closing issue in budget account (BA 4745) was the

recommendation by the Governor for Highway Funds of \$8,949 in fiscal year (FY) 2012 and \$38,805 in FY 2013, because of an anticipated increase in Merchant Service Fee requirements related to the creation of the new convenience fee for the previously approved kiosk program.

Mr. Edwards explained that the Department of Motor Vehicles (DMV) paid Merchant Services Fees on transactions that were paid through credit cards, debit cards, and electronic payments. The additional Merchant Services Fees associated with decision unit Enhancement (E) 680 were because of the increased dollar value of merchant services transactions created by the additional convenience fee.

During the budget hearing on February 24, 2011, said Mr. Edwards, the Joint Subcommittee questioned DMV concerning the fees and whether the funding recommended in decision unit E680 could be absorbed by the funding included in the proposed base budget for BA 4745. The Department indicated that the funding was needed and noted that in recent years DMV had required additional funding to support its Merchant Services Fee expenses. The Department believed it would be remiss if it did not request additional funding associated with items that had a known fiscal effect. In addition to the supplemental appropriation requested in FY 2011, DMV had also received additional funding to address shortfalls in Merchant Services Fees in FY 2010.

Mr. Edwards noted that DMV's most recent projection for total Merchant Services Fee requirements was \$6,015,115 in FY 2012 and \$6,385,904 in FY 2013. Based on the adjusted base Merchant Services Fees, additional funding included in decision unit E680 of \$8,945 in FY 2012 and \$38,805 in FY 2013 represented an increase of approximately 0.15 percent in the first year of the biennium and 0.61 percent in the second year of the biennium.

The decision, said Mr. Edwards, was whether the Committee wished to approve decision unit E680 that requested Highway Funds of \$8,945 in FY 2012 and \$38,805 in FY 2013. If the Committee approved the enhancement, it would be contingent upon the approval of the convenience fee as a new funding source for the kiosk program within the DMV Director's Office, which had been approved earlier in the day, as well as passage of Senate Bill 441, which authorized the collection of a nonrefundable processing fee relative to self-service terminals or kiosks.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN HARDY MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 680 CONTINGENT UPON PASSAGE OF SENATE BILL 441.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegura and Senator Horsford were not present for the vote.)

Mr. Edwards stated that other closing items included Merchant Services Fee funding requirements. The question was whether the amount of the projected Merchant Services Fee requirements for the 2011-2013 biennium was appropriate because of the decline in projected fee requirements in fiscal year (FY) 2011. The Department had provided updated projections using more recent transaction data, which projected total base Merchant Services Fee requirements of \$6,015,115 in FY 2012 and \$6,385,904 in FY 2013, as previously noted. Mr. Edwards said there were technical adjustments associated with those amounts, and base funding for Merchant Services Fees and related cost allocations, as adjusted, appeared reasonable for budget account (BA) 4745.

Mr. Edwards stated that decision unit Enhancement (E) 710 recommended Highway Funds of \$406 in each year of the biennium for maintenance costs associated with the Smart Track software and hardware system used in the DMV warehouse to track incoming shipments. The recommendation appeared reasonable.

Decision unit E715 recommended Highway Funds of \$2,984 in each year of the biennium for maintenance costs associated with two replacement scanners requested as one-shots for FY 2011. Mr. Edwards indicated that approval of the decision unit would be contingent upon passage of S.B. 461, which included one-shot funding for the associated replacement scanners.

The next item, said Mr. Edwards, involved Budget Amendments No. 231 and No. 287C, which were similar to the budget amendments submitted for the Director's Office that had been considered by the Committee earlier in the day. He noted that Budget Amendment No. 287C reversed the action of Budget Amendment No. 231; he pointed out that the transfer of the Weights, Measures, and Standards budget had not been approved by the Committee. Mr. Edwards noted that the Committee had taken no action regarding the budget amendments within the Director's Office budget account, and he recommended the same action for Budget Amendments No. 231 and No. 287C.

Mr. Edwards stated there were technical adjustments associated with BA 4745 concerning Merchant Services Fees and internal cost allocations. Those technical adjustments had been completed in addition to adjustments to reflect revised revenue projections.

The decision, said Mr. Edwards, was whether the Committee wished to approve other closing items, which included decision units Enhancement (E) 710 and E715, technical adjustments as noted, and not approving Budget Amendments No. 231 and No. 287C as recommended by Fiscal Analysis Division staff. The approval of decision unit E715 would be contingent upon the approval of related one-shot funding included in S.B. 461.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN CONKLIN MOVED APPROVAL OF OTHER CLOSING ITEMS, INCLUDING DECISION UNITS E710 AND E715, CONTINGENT UPON PASSAGE OF SENATE BILL 461, INCLUDING TECHNICAL ADJUSTMENTS, AND NOT APPROVING BUDGET AMENDMENTS NO. 231 AND NO. 287C.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegüera and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – MOTOR VEHICLE POLLUTION CONTROL (101-4722)
BUDGET PAGE DMV-33

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that decision unit Enhancement (E) 606 recommended an increase in reserve of \$188,925 over the biennium by eliminating one emission control technician 2 position and reclassifying two compliance enforcement investigator 2 positions to compliance investigator 2 positions. The Department of Motor Vehicles (DMV) had provided information supporting the elimination of a currently vacant emission control technician 2 position.

Mr. Edwards said DMV previously reported that the primary reason for the reclassification was to achieve fiscal savings similar to the recommendation in the Compliance Enforcement budget account.

However, said Mr. Edwards, Budget Amendment No. 187 had been submitted by the Budget Division to eliminate the downgrade of the two sworn compliance enforcement investigator 2 positions to nonsworn compliance investigator 2 positions, which would reduce the reserves by \$78,523 over the biennium. Supporting material from DMV cited inefficiencies resulting from the downgrades. There were five sworn investigators in budget account (BA) 4722 and one sworn supervisor, and the downgrade would adversely affect the ability of the remaining sworn staff to perform criminally related functions, which included participating in task forces targeting professional vehicle theft rings.

Information provided by DMV indicated that decision unit E606 and Budget Amendment No. 187 appeared reasonable, and Mr. Edwards said the decision was whether the Committee wished to approve decision unit E606 and Budget Amendment No. 187. Approval of decision unit E606 as amended would result in a net increase in reserves of \$110,402 over the biennium.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

SENATOR LESLIE MOVED APPROVAL OF DECISION UNIT
ENHANCEMENT (E) 606 AND BUDGET AMENDMENT NO. 187 AS
RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Oceguela and
Senator Horsford were not present for the vote.)

Mr. Edwards stated that other closing issues included decision unit Enhancement (E) 350. The Governor recommended \$247,536 in each year of the biennium in transfers from the Motor Vehicle Pollution Control budget account to the Tahoe Regional Planning Agency (TRPA) to support air quality threshold monitoring. The recommendation increased the total transfers to TRPA to \$419,021 in each year of the biennium and represented the continuation of increased funding originally approved in the 2009 Legislative Session to close a funding gap in Nevada's share of monitoring costs for the current biennium.

The decision, said Mr. Edwards, was whether the Committee wished to approve decision unit E350, which continued increased transfers from the Pollution Control account (BA 4722) to TRPA as recommended by the Governor, and whether the Committee wished to approve other closing items and technical adjustments.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN HOGAN MOVED APPROVAL OF DECISION UNIT ENHANCEMENT (E) 350 AND OTHER CLOSING ITEMS AS RECOMMENDED BY THE GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegueda and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – CENTRAL SERVICES (201-4741)
BUDGET PAGE DMV-40

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues associated with budget account (BA) 4741. He noted that other closing items included decision unit Enhancement (E) 900. The Governor recommended Highway Fund reductions of \$48,092 in fiscal year (FY) 2012 and \$48,993 in FY 2013, associated with transferring one Department of Motor Vehicles (DMV) services technician 2 position to the Director's Office, BA 4744. Mr. Edwards noted that the transfer was previously approved by the Committee earlier under the Director's Office budget account.

The next item, said Mr. Edwards, was replacement equipment. Pursuant to *Nevada Revised Statutes* (NRS) 487.825, Salvage Title fees could be used to pay for expenses relating to the issuance of salvage titles. Decision unit Enhancement (E) 710 recommended \$2,626 over the biennium for replacement

equipment, and decision unit E715 recommended \$34,975 over the biennium for replacement of various printers used in the production of salvage titles. Mr. Edwards stated that the decision units appeared reasonable.

Mr. Edwards said decision unit Maintenance (M) 101 addressed License Plant Factory inflationary adjustments. The Executive Budget recommended increased Highway Fund appropriations of \$394,457 and reduced registration fees of \$468,126 over the biennium to reflect increased projected expenditures for aluminum and sheeting materials for regular plates and reduced projected expenditures for aluminum and sheeting materials for special plates. Mr. Edwards stated that the decision unit appeared reasonable.

In addition, said Mr. Edwards, information had been included on page 29 of [Exhibit E](#) concerning the potential relocation of the DMV License Plate Factory from its current location at Nevada State Prison (NSP) or the continued operation of the Factory at its current location should NSP close.

The next closing item addressed the Electronic Dealer Reports of Sale (EDRS) program. Mr. Edwards stated that The Executive Budget recommended total base funding for the EDRS program of \$104,856 in fiscal year (FY) 2012 and \$157,896 in FY 2013. There had been technical adjustments for the base funding included in the EDRS program, which resulted in a \$194,095 reduction in Highway Funds over the biennium. Mr. Edwards said with those technical adjustments, the base funding for the EDRS program appeared reasonable.

Mr. Edwards stated that in addition to the EDRS program, Fiscal Analysis Division staff had completed technical adjustments to reflect DMV's revised revenue projections, as well as related transfers from the Records Search account, BA 4711, to the Central Services account, BA 4741.

The decision, said Mr. Edwards, was whether the Committee wished to approve the Central Services budget account as recommended by the Governor, including the technical adjustments as noted.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN CONKLIN MOVED APPROVAL OF BUDGET
ACCOUNT (BA) 4741 AS RECOMMENDED BY THE GOVERNOR,
INCLUDING TECHNICAL ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegüera and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – VERIFICATION OF INSURANCE (201-4731)
BUDGET PAGE DMV-47

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated the major closing issue in budget account (BA) 4731 was the implementation of the Nevada Liability Insurance Validation Electronically (NV LIVE) program. Considerable information had been presented to the Joint Subcommittee at the February 24, 2011, budget hearing concerning the Insurance Verification Program. The information depicted a decline in program revenue over the 2009-2011 biennium—a reported decline from \$16.8 million to \$6.8 million in fiscal year (FY) 2011—and the inability of the Department of Motor Vehicles (DMV) to complete its full transfer of \$6 million in FY 2011 to partially address the General Fund shortfall (Senate Bill No. 431 of the 75th Session) (2009), along with the NV LIVE program issues that had been reported by the DMV during its presession budget hearing on February 2, 2011.

Mr. Edwards noted that page 32 of [Exhibit E](#) contained an accounting of the issues that had been experienced by the NV LIVE program since its inception in February 2010. He said the NV LIVE program had been enabled on February 14, 2011, but in a limited capacity to verify insurance records for known offenders. The capacity of the program had since been expanded, and as of mid-March 2011, the program verified insurance for participating Web-based companies. Mr. Edwards said DMV reported it was assisting non-Web-based insurance providers in becoming Web-based companies. The DMV had extended deadlines for those companies to become compliant, with the majority of the companies to become Web-based by July 1, 2011, and the remaining companies to become Web-based by December 1, 2011.

Mr. Edwards noted that DMV's updated revenue projections demonstrated a further decline in NV LIVE revenue from \$6.8 million to \$5 million. Furthermore, DMV projected program revenues would further decline to approximately \$3.9 million in fiscal year (FY) 2012 and \$3 million FY 2013. The Department was experiencing a decline of approximately 5.5 percent per

quarter in FY 2011, and that was anticipated to continue throughout the 2011-2013 biennium.

The DMV reported that contributing factors to the decline in revenue included the change in *Nevada Revised Statutes* (NRS) that required insurance verification at the time a vehicle was registered. Mr. Edwards said that change had resulted in a decrease in the number of fines issued for no insurance or inappropriate insurance, as a validated policy had to be in place before a vehicle could be registered. According to DMV, other contributing factors included the economic downturn, as well as an increasing trend that involved identified lapses in insurance coverage, where individuals chose to not pay the \$250 fine and continued to operate the vehicle with a suspended registration. Although a lapse in insurance resulted in a registration suspension, the vehicle registration sticker affixed to the rear license plate continued to demonstrate a valid date of registration. Therefore, said Mr. Edwards, operating a vehicle on a canceled registration would only be discovered if an individual was stopped by a law enforcement officer and the registration information was accessed by that officer.

Mr. Edwards stated that because the fee for a lapse in insurance was \$250 regardless of when the fee was paid or regardless of the number of instances an individual had allowed the insurance to lapse, it was usually less costly to pay the fee than it was to pay for insurance coverage. To address that trend, DMV had submitted an amendment to Senate Bill 323 to deter that practice by creating an escalated penalty scale for insurance lapse violations. As amended, S.B. 323 received final Senate passage on April 26, 2011. The DMV reported that when NV LIVE became fully functional, it would reduce the number of uninsured motorists in Nevada. As a result, that would reduce the revenue generated by the program, as well as the need for staffing and resources to maintain the program.

Mr. Edwards stated that based upon the decline in Insurance Verification Program revenue and the issues experienced by NV LIVE during the current biennium, the Committee might wish to consider issuing a Letter of Intent to DMV to provide quarterly status reports to the Interim Finance Committee (IFC) regarding the progress of NV LIVE, its efforts to bring all insurance providers into compliance as Web-based companies, and any additional issues encountered by NV LIVE over the 2011-2013 biennium.

Chairwoman Smith thanked Mr. Edwards for the update and noted there had been much discussion about the NV LIVE program. She asked whether there

was further discussion or whether further clarification was required. There being none, the Chairwoman called for a motion.

SENATOR KIECKHEFER MOVED APPROVAL OF ISSUING A LETTER OF INTENT TO DMV TO PROVIDE QUARTERLY STATUS REPORTS TO THE INTERIM FINANCE COMMITTEE (IFC) REGARDING THE PROGRESS OF THE NV LIVE PROGRAM.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegura and Senator Horsford were not present for the vote.)

Mr. Edwards stated that other closing items included the following:

- Decision unit Enhancement (E) 710 recommended decreases in reversions to the Highway Fund for replacement equipment, which appeared reasonable.
- Decision unit E715 recommended decreases in reversions to the Highway Fund for replacement computer hardware and software according to standard schedules, which appeared reasonable.
- Fiscal Analysis Division staff had completed technical adjustments to reflect revised revenue projections as of March 31, 2011.

Because the Committee had already approved the Letter of Intent, Mr. Edwards said the decision for the Committee was whether it wished to close the budget as recommended by the Governor, with technical adjustments, and including the aforementioned Letter of Intent.

SENATOR LESLIE MOVED APPROVAL OF BUDGET ACCOUNT (BA) 4731 AS RECOMMENDED BY THE GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS, AND THE PREVIOUSLY APPROVED LETTER OF INTENT TO MONITOR THE NV LIVE PROGRAM.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegura and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

Assemblyman Aizley commented that the State Motor Pool was downsizing by 65 vehicles and many agencies had requested additional vehicles, such as Compliance Enforcement (BA 4740), which had requested four vehicles in its current budget. He wondered why those agencies could not use surplus State Motor Pool vehicles that might be suitable.

Chairwoman Smith believed that was a general question, and she had also asked about the possibility of agencies using surplus vehicles. She asked Mr. Combs to comment.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said it was his understanding that the State Motor Pool was phasing out the vehicles because of age and high mileage. He did not believe other agencies, particularly Compliance Enforcement, could use those older vehicles.

Carla Watson, Budget Analyst, Budget Division, explained that the State Motor Pool continually evaluated vehicles that were slated for replacement. The vehicles that DMV asked to replace met those requirements, and the State Motor Pool had agreed that those vehicles should be replaced.

Assemblyman Aizley said his impression was that the State Motor Pool was downsizing rather than eliminating vehicles that were no longer serviceable. Ms. Watson replied that the State Motor Pool had downsized and had presented testimony regarding that issue at its budget hearings.

Chairwoman Smith said it appeared that downsizing was being accomplished by eliminating older, high-mileage vehicles. Ms. Watson said that was correct.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – RECORDS SEARCH (201-4711)
BUDGET PAGE DMV-51

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said there were no major closing issues in budget account (BA) 4711. Other closing items included decision unit Enhancement (E) 710, which included \$8,056 over the 2011-2013 biennium for replacement equipment; the decision unit appeared reasonable. Decision unit E715 included \$42,416 in fiscal year (FY) 2012 and \$22,712 in FY 2013 for replacement computer hardware and software according to standard schedules; the decision unit appeared reasonable.

Mr. Edwards noted that Fiscal Analysis Division staff had completed technical adjustments to reflect DMV's revised revenue projections, as well as adjustments to the transfer from the Records Search account to the Central Services account (BA 4741).

The decision, said Mr. Edwards, was whether the Committee wished to approve budget account (BA) 4711 as recommended by the Governor, including the aforementioned technical adjustments.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN KIRNER MOVED APPROVAL OF BUDGET ACCOUNT (BA) 4711 AS RECOMMENDED BY THE GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegura and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – FIELD SERVICES (201-4735)
BUDGET PAGE DMV-56

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that the major closing issue in budget account (BA) 4735 included new positions. The Governor recommended Highway Funds of \$2,371,274 over the biennium to add 30 Department of Motor Vehicles (DMV) services technician 3 positions for the Las Vegas metropolitan field offices, including the Henderson, Decatur Boulevard, Sahara Avenue, and Flamingo Road offices.

Mr. Edwards said DMV reported its intention to adjust actual field office staffing assignments for those positions because of operational need, with staff assigned to maximize window coverage and reduce wait times. Mr. Edwards noted that a technical adjustment had been completed to eliminate

merit increases for each position, and Highway Funds had been reduced by \$34,260 in fiscal year (FY) 2013.

According to Mr. Edwards, the 2009 Legislature approved the elimination of 93 vacant positions in the Field Services account. That included seven staff members associated with the Fernley and North Las Vegas field offices, which had been recommended for elimination by the Governor. Both the Fernley and North Las Vegas field offices had been approved by the 2007 Legislature, but were never implemented by DMV because of budget reductions in response to the decline in Highway Fund revenue during the 2007-2009 biennium. Of the remaining 86 vacant positions eliminated during the 2009 Legislative Session, 80 were DMV services technician 3 positions, with 61 positions assigned to the four metropolitan field offices in Las Vegas. Mr. Edwards stated DMV reported its supervision ratio in major offices was approximately 8 to 10 services technicians per supervisor. Although the recommendation was to add 30 DMV services technician 3 positions, DMV would not require additional supervisors because few vacant supervisor positions had been eliminated from the Field Services budget account during the 2009 Session.

Mr. Edwards indicated that a chart which depicted average wait times was included on page 37 of [Exhibit E](#). The information was depicted for fiscal year (FY) 2009, FY 2010, and FY 2011, through March, and represented the wait times for the four metropolitan field offices, as well as the Galletti Way office in Reno. The average wait time for FY 2009 was 46 minutes, which increased to 79 minutes in FY 2010, and the current wait time average for FY 2011 was 55 minutes.

Chairwoman Smith took a moment to congratulate DMV staff for decreasing the wait times, and she thanked DMV staff on behalf of legislators and constituents.

Regarding the chart on page 37 of the exhibit, Mr. Edwards indicated that wait times had increased in FY 2010 with notable average wait times of 94 minutes in March, 136 minutes in April, and 116 minutes in May. The factors reported by DMV that contributed to the increase in wait times in FY 2010 included the positions eliminated by the 2009 Legislature, the starting and stopping of the issuance of REAL ID compliant cards over a four-month period, and scheduling issues associated with furlough leave and Saturday hours of operation, because the offices operated six days per week. Mr. Edwards noted that in FY 2011, the average wait time appeared to have declined beginning in October 2010 through March 2011.

The recommendation was to add 30 positions, and Mr. Edwards indicated there was additional detail regarding the Las Vegas metropolitan field offices on page 38 of [Exhibit E](#), which contained a chart that depicted average wait times by respective field office, by month, and the total average wait times over a 21-month period. Over that time frame, the wait time average was 72 minutes for the Decatur Boulevard office; 81 minutes for the Flamingo Road office; 74 minutes for the Henderson office; and 66 minutes for the Sahara Avenue office. Mr. Edwards stated the average for all four offices combined was 73 minutes over the 2009-2011 biennium, through March 2011. At that level, the average wait times were in excess of the Legislature's target threshold of 60 minutes.

Mr. Edwards indicated DMV had provided the Fiscal Analysis Division with an analysis of metropolitan field office staffing, which estimated that the Las Vegas field offices would require 50 additional positions to achieve 100 percent window coverage, including 4 positions for the Decatur Boulevard office; 19 positions for the Flamingo Road office; 12 positions for the Henderson office; and 15 positions for the Sahara Avenue office. Therefore, the addition of 30 services technician positions would increase coverage for field office windows, but it would not achieve 100 percent window coverage. Mr. Edwards noted that while the addition of 30 positions would have a positive effect on wait times, DMV reported that it could not determine the number of minutes that actual wait times would decrease.

Mr. Edwards stated that as discussed in the budget closing for the DMV Director's Office account, the Governor recommended establishment of a new funding source for DMV's kiosk program, whereby a convenience fee would be established to recover the costs and make it a self-funded program. The DMV indicated that a self-funded program would allow it to significantly expand the kiosk program throughout the 2011-2013 biennium.

As previously noted, said Mr. Edwards, DMV's goal was to become more community-based, and program expansions would bring kiosks closer to the public via residential communities, business centers, colleges and universities, rural areas, and retail centers. By deploying a larger number of new kiosks, DMV reported it would drastically reduce the number of people waiting in lines at DMV offices, thereby shortening wait times. Therefore, should the Committee approve the Governor's recommendation for a new convenience fee, the future expansion of the kiosk program might result in reduced wait times in field offices, and fewer staff might be required for field office window coverage.

The DMV reported that factors contributing to an increase in wait times during the current biennium included furlough leave. Mr. Edwards indicated that the Governor had not recommended the continuation of furlough leave for the upcoming biennium, and should the Legislature support the Governor's recommendation, it would appear that the adverse effect of furloughs on field office operations would no longer be an issue. However, said Mr. Edwards, should the Legislature continue furlough leave, DMV had requested flexibility in implementing furlough leave during the February 24, 2011, Joint Subcommittee budget hearing, which would minimize the ongoing effect on field office operations.

Because of the information provided by DMV, said Mr. Edwards, the Committee might wish to consider the following options:

1. Approve the Governor's recommendation to add 30 DMV services technician 3 positions for the Las Vegas metropolitan field offices, including Henderson, Decatur Boulevard, Sahara Avenue, and Flamingo Road. That action would include Highway Funds of \$988,774 in fiscal year (FY) 2012 and \$1,348,240 in FY 2013.
2. Approve Highway Funds of \$2,337,014 (\$988,774 in FY 2012 and \$1,348,240 in FY 2013) in reserve and allow DMV to request additional staff over the 2011-2013 biennium via the Interim Finance Committee (IFC). That option would provide funding for up to 30 additional positions and also allow time to monitor the expanded kiosk program, as well as the ongoing trend in average wait times. With that information, DMV could request that IFC approve up to 30 DMV services technician 3 positions, or a reduced number of new positions, which would depend upon actual field office activity over the 2011-2013 biennium and demonstrated need.
3. Not approve the Governor's recommendation to add 30 DMV services technician 3 positions for Las Vegas metropolitan field offices, including Henderson, Decatur Boulevard, Sahara Avenue, and Flamingo Road.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

Assemblyman Kirner said there were a number of proposed changes that might affect wait times, and he believed that the Committee should approve Option 2.

ASSEMBLYMAN KIRNER MOVED APPROVAL OF OPTION 2.

ASSEMBLYMAN BOBZIEN SECONDED THE MOTION.

Assemblyman Grady said that through DMV's continued work, a kiosk had been installed in the Fernley area and persons in that area were gladly paying the fee to use those kiosks. He opined that kiosks were a sign of the future.

Chairwoman Smith commented that she had researched the issue of four-day work weeks in the state of Utah, and one action taken by Utah was to double the number of online services available to customers, which had made an incredible difference.

Assemblyman Goicoechea said he was somewhat concerned about Option 2, even though DMV could seek approval from IFC for additional positions. He wondered whether those positions could be filled in a timely manner.

Bruce Breslow, Director, DMV, commented that adding new kiosks could not commence until at least May 2012 because of contracts and other issues. By the time DMV could install 40 new kiosks, the 2013 Legislative Session would be underway. Mr. Breslow said DMV did not anticipate a reduction in office visits until the end of 2012 and would not know what the effect would be until that time. He agreed with the Governor's recommendation to use available Highway Funds for 30 positions in the hard-hit Las Vegas metropolitan DMV offices. Currently, said Mr. Breslow, the staff of the Decatur Boulevard office was doing an incredible job in maintaining wait times, but the other Las Vegas area offices continued to struggle. Mr. Breslow said he would personally prefer Option 1 for DMV to be successful at reducing wait times, and he would encourage reevaluation of the positions during the 2013 Legislative Session after the kiosk program had been expanded.

Assemblyman Goicoechea assumed that even though Option 2 would allow DMV to request up to 30 positions from IFC, the Department would retain the flexibility to locate those positions throughout the Las Vegas field offices.

Mr. Breslow stated that was correct. The intent was to recruit and fill the positions as soon as possible because DMV could not anticipate the outcome from the kiosk program and other program changes until the end of 2012. The DMV had issued the request for proposal (RFP), but it would take time to finalize the kiosk process. Should the Committee approve Option 2, DMV's intent would be to approach IFC as quickly as possible. Mr. Breslow said it was a service issue for DMV; the Governor's Office had mandated that DMV reduce

wait times to eight minutes, similar to the wait times in the state of Indiana where there were 130 DMV offices, while there were only 18 DMV offices in Nevada. He hoped the kiosk program would help solve the wait time problem in the future.

Mr. Breslow said that DMV staff had been very helpful in reducing current wait times, and the Department published wait times for the various offices on the Internet, which caused the offices to compete with each other to offer shorter wait times. Mr. Breslow noted that the positions were needed now, but those positions might not be needed at the beginning of the 2013 Session.

Chairwoman Smith said if the Committee approved Option 2 and DMV could approach IFC, she assumed that would be sufficient to allow for hiring new staff and would not be too onerous. Mr. Breslow said that was correct, but as previously noted, DMV would approach IFC as soon as possible.

Chairwoman Smith said when she reviewed the wait times, it appeared the trend had been toward shorter wait times, and she was comfortable with the current motion.

Assemblyman Kirner referred to the chart on page 38 of [Exhibit E](#), and he noted that 70 percent of the time DMV was meeting the 60-minute requirement, and he opined that Option 2 was viable.

Assemblywoman Carlton asked whether Mr. Breslow had any indication about the turnover rate for DMV because of changes that might occur in state service and possible employee retirement. It appeared that many state workers were contemplating retirement, and she assumed DMV might suffer from that turnover.

Mr. Breslow said he could not answer that request. He had received a list of employees eligible for retirement in 2011 from the Department of Personnel, and it was quite large. He hoped that those employees would not retire during 2011. Also, because of furlough days, it was very difficult to schedule six-day work weeks. The elimination of furloughs would make scheduling much easier; however, if furlough days were retained, he would request that DMV be given the flexibility to declare a "furlough day" each month, which would assist DMV in maintaining maximum window coverage.

Assemblywoman Carlton said her concern was that it appeared DMV was going to need additional positions, and she asked how long it would take to fill positions and bring those employees "up to speed."

Ms. Breslow stated that Nancy Wojcik would answer Assemblywoman Carlton's question. Mr. Breslow commented that another issue for field offices was sick leave. When two employees called in sick in one field office, customer wait times could increase by as much as 20 minutes or more.

Nancy Wojcik, Field Services Administrator, DMV, stated that it took DMV approximately 30 to 45 days to complete the full process of recruitment, interviewing, and hiring employees. Once staff had been hired, it took another 8 to 10 weeks of training that included window training; therefore, the entire process took approximately 12 to 14 weeks.

Assemblywoman Carlton said it appeared it would take an employee three and one-half months from date of application to the date of providing window services. Ms. Wojcik believed it would take longer, and the time frame would also depend upon how quickly a person was able to learn the process. It would take between four and five months for a new employee to become acclimated to the process.

Assemblywoman Mastroluca asked whether the new positions would result in shorter wait times for driving tests. Mr. Breslow said the new positions would allow DMV to increase window coverage, which would reduce wait times as long as the office did not experience a significant influx of customers. While the population had declined over the past year, DMV field offices often handled as many as 24,000 customers in one month and then saw an increase to 27,000 customers in the next month. Mr. Breslow said he hoped the answer to Assemblywoman Mastroluca's question would be yes: the extra positions would reduce wait times for driving tests.

Assemblywoman Mastroluca asked whether the current wait time for driving tests remained at two and a half months. Ms. Wojcik stated that most field offices were scheduling driving tests for the middle of June at the present time, which indicated that the wait time was approximately six to eight weeks.

Chairwoman Smith asked whether persons could wait at DMV offices for possible driving test slots. Ms. Wojcik said DMV offered a standby process in most offices.

Senator Denis took the opportunity to congratulate DMV staff because he had been through several processes over the year with his teenage daughter. He noted that after waiting for the initial driving test, if a person failed, that person would be required to again wait to take the driving test. Senator Denis said the standby process depended upon the time a person arrived at the

DMV office. However, he stated that DMV staff had been wonderful in helping him register vehicles and with other functions. Senator Denis believed that DMV staff was doing a very good job and wait times were better now than they had been in the past.

Assemblyman Goicoechea said the point was if the Committee closed the budget with approval of the 30 positions, DMV could at least begin recruiting staff, even though the funding would not be available until July 1, 2011. However, if DMV was required to wait for IFC approval, it would delay the process. He hoped the Committee would consider approval of Option 1.

Chairwoman Smith called for a vote on the aforementioned motion by Assemblyman Kirner to approve Option 2, which was seconded by Assemblyman Bobzien.

THE MOTION CARRIED. (Assemblymen Carlton, Goicoechea, Grady, Hambrick, and Hardy voted no. Assemblymen Hickey and Ocegvera and Senators Cegavske and Horsford were not present for the vote.)

Continuing his presentation, Mr. Edwards stated that other closing items included the Motor Voter Program. The Governor recommended reductions totaling \$5,325 in fiscal year (FY) 2012 and \$5,326 in FY 2013 in that program. Decision unit Enhancement (E) 606 recommended a 10 percent reduction in appropriations for voter registration forms, and decision unit E690 recommended a further reduction for the same purpose.

Mr. Edwards said DMV advised that 700,000 Motor Voter forms had been ordered in FY 2010 at a cost of \$17,600, or approximately 3 cents per form. On average, DMV used 192,000 forms over the course of one year, with fluctuations in the actual number of forms dependent upon whether or not it was an election year and whether revisions to the form were required because of statutory changes. Mr. Edwards stated that with the Governor's recommended reductions, program funding would be \$12,275 in FY 2012 and \$12,274 in FY 2013. Based upon the approximate cost of 3 cents per form, that level of funding would allow DMV to order approximately 409,000 forms per year. If DMV was unable to produce sufficient forms, citizens would be required to obtain registration forms from other locations such as the Secretary of State's website or county clerks' offices. Because of the information provided by DMV, decision units E606 and E690 appeared reasonable.

The second item, said Mr. Edwards, was the transfer of Systematic Alien Verification of Entitlements (SAVE) from REAL ID. He noted that the item had been approved for transfer under REAL ID, and therefore, action on the item should be consistent with prior action taken for REAL ID, which would be approval.

Mr. Edwards stated that Budget Amendment No. 226 had been submitted by the Budget Division to increase Highway Funds by a net amount of \$1,904 in FY 2012 and \$3,807 in FY 2013 to add one monthly State Motor Pool vehicle in lieu of purchasing one vehicle recommended through one-shot appropriations in FY 2011. Supporting material indicated the vehicle to be replaced would exceed 100,000 miles, and the recommendation appeared reasonable.

Mr. Edwards said in addition to the technical adjustments previously noted regarding elimination of merit pay for the new positions recommended by the Governor, Fiscal Analysis Division staff had completed technical adjustments to reflect DMV's revised revenue projections.

The decision, said Mr. Edwards, was whether the Committee wished to approve other closing items as recommended by the Governor, as well as technical adjustments and Budget Amendment No. 226.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

SENATOR LESLIE MOVED APPROVAL OF OTHER CLOSING ITEMS
IN BUDGET ACCOUNT (BA) 4735 AS RECOMMENDED BY THE
GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS AND
BUDGET AMENDMENT NO. 226.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hickey and Oceguela and
Senators Cegavske and Horsford were not present for the vote.)

BUDGET CLOSED.

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Chairwoman Smith suggested that the Director of DMV explore the Motor Voter issue because as additional online voter registration became available, it appeared that it would be less expensive for the state if persons registered

online rather than fill out a form. She requested further information about that issue prior to the next legislative session.

PUBLIC SAFETY

DEPARTMENT OF MOTOR VEHICLES

DMV – MOTOR CARRIER (201-4717)

BUDGET PAGE DMV-63

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated there were no major closing issues in budget account (BA) 4717. Other closing items included Budget Amendment No. 225, which had been submitted by the Budget Division and would add one monthly State Motor Pool vehicle in lieu of purchasing one vehicle recommended through a one-shot appropriation in fiscal year (FY) 2011. The amendment increased Highway Funds by a net amount of \$1,353 in FY 2012 and \$2,704 in FY 2013. The vehicle to be replaced would exceed 100,000 miles at the time of replacement, and the recommendation appeared reasonable.

The second issue, said Mr. Edwards, was decision unit Enhancement (E) 715, which recommended Highway Funds of \$1,950 in FY 2013 to update the Division's Hummingbird Host Explorer software, which was used to access the tax system contracted through the vendor, Affiliated Computer Systems (ACS); the recommendation appeared reasonable.

Mr. Edwards also noted that technical adjustments had been completed concerning revised revenue projections. The decision was whether the Committee wished to approve BA 4717 as recommended by the Governor, including technical adjustments.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN KIRNER MOVED APPROVAL OF
BUDGET ACCOUNT (BA) 4717 AS RECOMMENDED BY THE
GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS AND
BUDGET AMENDMENT NO. 225.

ASSEMBLYMAN HOGAN SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hickey and Oceguela and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV – MANAGEMENT SERVICES (201-4742)
BUDGET PAGE DMV-82

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that there were no major closing issues or other closing items in budget account (BA) 4742. The Governor's recommendation included only the decision units reflecting statewide inflationary adjustments, fringe benefit rate adjustments, and adjustments to employee compensation. Fiscal Analysis Division staff recommended closing BA 4742 as recommended by the Governor.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

SENATOR LESLIE MOVED APPROVAL OF BUDGET ACCOUNT
(BA) 4742 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Hickey and Oceguela and Senator Horsford were not present for the vote.)

BUDGET CLOSED.

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PUBLIC SAFETY
PEACE OFFICERS STANDARDS & TRAINING
PEACE OFFICERS STANDARDS & TRAINING COMMISSION (101-3774)
BUDGET PAGE POST-1

Scott Edwards, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, stated that major issues in budget account (BA) 3774 were position reclassifications, budget reductions, and e-forms. The Governor recommended

converting three training officer 2 positions and three employee development manager positions from classified to unclassified service, with no fiscal impact to the Peace Officers' Standards and Training (POST) Commission.

Mr. Edwards said the intent was to establish an unclassified POST training specialist (equivalent to the classified training officer 2 position) and an unclassified POST bureau chief (equivalent to the classified employee development manager), which would allow the Commission to recruit future staff based on specific knowledge, skills, and abilities that best served the need of the POST academies.

According to Mr. Edwards, supporting material from the Commission included a memorandum from the Department of Personnel, which suggested that neither the training officer 2 classification nor the employee development manager classification had served the agency well because of the specialized knowledge, skills, and abilities necessary to perform POST job functions. Furthermore, the Department of Personnel indicated that the conversion of those positions to unclassified service was appropriate. The Commission reported that converting the positions to unclassified service would eliminate overtime associated with the extended working hour requirements at POST academies.

Mr. Edwards said that discussion with the Commission and the Budget Division indicated that the Department of Personnel would establish new unclassified positions as approved by the 2011 Legislature. The Department of Personnel reported to the Budget Division that the recommendation was cost-neutral because the unclassified positions would be established with maximum salaries that would be the same level as the existing classified positions. If approved, said Mr. Edwards, the positions would be established in the unclassified pay bill as POST training specialists with maximum salary and benefits equivalent to training officer 2 positions (grade 36, step 10), and the POST bureau chiefs with maximum salary and benefits equivalent to an employee development manager (grade 38, step 10).

According to Mr. Edwards, one classified employee development manager position was budgeted at a grade 38, step 5. Although that position would be converted to a POST bureau chief with a maximum salary equivalent to grade 38, step 10, the Commission confirmed that it would not increase the salary and benefits for the position beyond its current level at a step 5. Because of the information reported by the agency and the Department of Personnel, the recommendation appeared reasonable.

The decision, said Mr. Edwards, was whether the Committee wished to approve decision unit Enhancement (E) 805, which included the conversion of three classified training officer 2 positions to unclassified POST training specialist positions and three classified employee development manager positions to unclassified POST bureau chiefs with no change in salary or benefits, as recommended by the Governor.

Assemblywoman Carlton said she was opposed to the recommendation and saw no benefit in reclassifying the positions. Classified service provided employees with a certain level of protection, and one of the most important issues at POST academies was consistent leadership. Unclassified service would be at the will of the Commission, and should there be conflict or disagreements, it would be very easy for the Commission to fire one person and hire another. Assemblywoman Carlton did not think the reclassification would serve the state well in the training of peace officers. She reiterated that she had concerns about reclassifying those positions.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

SENATOR KIECKHEFER MOVED APPROVAL OF DECISION UNIT
ENHANCEMENT (E) 805 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN KIRNER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman Carlton and
Senator Denis voted no. Assemblymen Mastroluca and Ocegüera
and Senator Horsford were not present for the vote.)

Mr. Edwards said decision unit Enhancement (E) 600 addressed budget reductions. To achieve budget reduction goals, the Governor recommended reduced court assessments of \$46,742 in fiscal year (FY) 2012 and \$48,252 in FY 2013, which included reductions in in-state and out-of-state travel, nonemployee in-state travel, operating and instructional expenses, equipment repair, maintenance of buildings and grounds, and professional services such as instructor and volunteer pay.

Mr. Edwards noted that the reductions included \$32,030 in each year of the biennium for living expenses paid to cadets. That amount represented a \$26 per day food allowance paid to cadets attending the POST academies. In the past, the POST academies had operated on a Monday through Friday schedule, but in May of 2010 the academy converted to a schedule of four

ten-hour days, Monday through Thursday. The elimination of the cost to pay cadets the \$26 per day food allowance on Fridays of each week had reduced food allowance expenses and other operating costs.

According to Mr. Edwards, the Commission reported that the reduction would not affect its academies, and although conversion to a four-day-per-week schedule had not been without "growing pains," the academy had been able to work through the related issues. The Joint Subcommittee had questioned the Commission concerning the change to a four-day-per-week schedule, and the effect on cadet training. In response, the Commission reported that it was operating a second academy on the four-day-per-week schedule and it had not observed a decline in test scores. Furthermore, said Mr. Edwards, the Commission indicated that cadets liked the four-day-per-week schedule because it enabled cadets who resided in more distant locations, such as Eureka and White Pine County, to travel home on weekends.

Mr. Edwards stated that the recommended reductions included \$3,162 in in-state travel and \$1,373 in out-of-state travel in each year of the biennium. The in-state travel reduction would primarily affect the audit function performed by the Commission. There were 43 POST academies and 134 law enforcement agencies statewide, and the Commission audited approximately 33 percent of each on an annual basis. With the recommended reduction to in-state travel, the Commission reported it would be able to maintain an audit of approximately 33 percent of its academies, but would reduce the number of audited law enforcement agencies to 25 percent, moving from a three-year schedule to a four-year cycle. The Commission reported that funding for out-of-state travel would be completely eliminated by the reductions, which had primarily been used in the past for conferences and staff training.

Mr. Edwards said the Commission testified that the reductions would not have a major effect and other in-state travel would be reduced to give priority to the audit function. It was also reported that the reductions in professional services regarding instructor pay could be absorbed because of the skills and experience of the Commission's current training staff. The Commission also reported that reductions in volunteer stipends could be absorbed by increased staff participation in training exercises.

Based on the information reported by the Commission, the decision for the Committee, said Mr. Edwards, was whether it wished to approve decision unit Enhancement (E) 600, with reduced court assessments of \$46,742 in fiscal year (FY) 2012 and \$48,252 in FY 2013, as recommended by the Governor.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN KIRNER MOVED APPROVAL OF DECISION UNIT
ENHANCEMENT (E) 600 AS RECOMMENDED BY THE GOVERNOR.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblymen Mastroluca and Ocegüera
and Senator Horsford were not present for the vote.)

Mr. Edwards said the next major closing item was e-forms, decision unit Enhancement (E) 275. The Governor recommended court assessments of \$10,500 in fiscal year (FY) 2012 to create e-forms, which would be prepared and submitted electronically by all law enforcement agencies statewide. The funding would be for a vendor to create 15 forms that would allow law enforcement agencies to submit data directly to POST, enabling local agencies to input data and relevant record updates directly into the POST database. Currently, all forms and information were completed by agencies statewide and either emailed, faxed, or mailed to POST in hardcopy form. Once received, two POST positions manually entered the information into the database. Mr. Edwards noted that the Commission believed the use of e-forms would improve efficiencies and reduce errors associated with manual data entry and would also free up additional staff time for auditing and archiving existing electronic files, which included records for more than 18,000 active and inactive peace officers.

During the Joint Subcommittee budget hearing on March 22, 2011, said Mr. Edwards, the Commission testified that the funding would be used for Formatta software to create electronic forms, which would allow law enforcement agencies to complete online updates to the POST database concerning peace officer records, along with other purposes such as reporting mandatory training and course registration. The Commission reported that would reduce the workload and manual processes, not only for POST staff, but also for the 134 law enforcement agencies throughout Nevada that were tasked with preparing and submitting the information to POST.

Furthermore, said Mr. Edwards, the Commission testified that peace officer records were maintained for 35 years, and a reduction in the data entry workload would allow agency staff to focus on records management processes, thereby ensuring that peace officer records were properly maintained. Based on

information provided by the Commission, which included the operational benefits from the use of e-forms, the recommendation appeared reasonable.

The decision, said Mr. Edwards, was whether the Committee wished to approve decision unit Enhancement (E) 275, with court assessments of \$10,500 in FY 2012, as recommended by the Governor.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

SENATOR PARKS MOVED APPROVAL OF DECISION UNIT
ENHANCEMENT (E) 275 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN HAMBRICK SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Ocegüera and
Senator Horsford were not present for the vote.)

Mr. Edwards stated that other closing items included decision unit Maintenance (M) 425, which recommended court assessments of \$14,806 over the biennium for deferred building maintenance, including carpet cleaning and deep cleaning. The recommendation appeared reasonable.

Mr. Edwards said decision unit Enhancement (E) 710 recommended court assessments in the amount of \$14,413 in fiscal year (FY) 2012 and \$23,117 in FY 2013 for replacement equipment including three police sedans, as well as computer hardware and software that would be replaced according to standard replacement schedules. The recommendation appeared reasonable.

Mr. Edwards noted that the third closing item was funding for the Nevada Lexipol project. The adjusted base budget included transfers from the Department of Public Safety (DPS) of \$696,000 in FY 2012 and \$348,000 in FY 2013 for the purpose of continuing the Nevada Lexipol project. Under the American Recovery and Reinvestment Act of 2009, DPS had been awarded an Edward Byrne Memorial Justice Assistance Grant of approximately \$13.8 million, which included a four-year project period. In 2009, the DPS Office of Criminal Justice Assistance subgranted \$1.4 million of the original award to POST to contract with Lexipol to develop standardized policies and procedures for state and local law enforcement agencies.

Mr. Edwards said the reason the information was included under closing items was that a technical adjustment had been recommended. After discussion with

the Budget Division, Fiscal Analysis Division staff had completed technical adjustments to reduce the federal authority and related expenditures to \$348,000 in FY 2012 to reflect the anticipated payment schedule, as well as the remaining federal funding for the 2011-2013 biennium.

The decision, said Mr. Edwards, was whether the Committee wished to approve the other closing items—decision unit Maintenance (M) 425 and decision unit Enhancement (E) 710—as recommended by the Governor, with technical adjustments as noted.

Chairwoman Smith asked whether there was further discussion, and there being none, the Chairwoman called for a motion.

ASSEMBLYMAN HAMBRICK MOVED APPROVAL OF OTHER CLOSING ITEMS—DECISION UNIT MAINTENANCE (M) 425 AND DECISION UNIT ENHANCEMENT (E) 710—AS RECOMMENDED BY THE GOVERNOR, INCLUDING TECHNICAL ADJUSTMENTS AS NOTED.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblyman Oceguela and Senator Horsford were not present for the vote.)

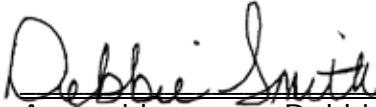
BUDGET CLOSED.

Chairwoman Smith thanked Mr. Edwards for his presentation and asked whether there was public comment to come before the Committee. There being none, the Chairwoman adjourned the hearing at 11:33 a.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Secretary

APPROVED BY:



Assemblywoman Debbie Smith, Chairwoman

DATE: _____

Senator Steven A. Horsford, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance

Date: May 5, 2011

Time of Meeting: 8:10 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Mayor Huff	Packet of Information dated May 1, 2011.
	D	Chris Melville	Letter
	E	Scott Edwards, Fiscal Division	Closing List #11