

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

**Seventy-Sixth Session
February 24, 2011**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Public Safety/Natural Resources/Transportation was called to order by Chair Joseph M. Hogan at 8:03 a.m. on Thursday, February 24, 2011, in Room 2134 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:

Assemblyman Joseph M. Hogan, Chair
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Kelvin Atkinson
Assemblyman David P. Bobzien
Assemblyman Pete Goicoechea
Assemblyman John Hambrick

SENATE COMMITTEE MEMBERS PRESENT:

Senator David R. Parks, Chair
Senator Sheila Leslie
Senator Dean A. Rhoads

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Mike Chapman, Principal Deputy Fiscal Analyst
Scott Edwards, Program Analyst
Sherie Silva, Committee Secretary
Sally Stoner, Committee Assistant

Chair Hogan called the meeting to order at 8:03 a.m. and asked the secretary to call the roll. A quorum was present.

DEPARTMENT OF MOTOR VEHICLES
DMV—DIRECTOR'S OFFICE (201-4744)
BUDGET PAGE DMV-1

Bruce Breslow, Director, Department of Motor Vehicles (DMV), introduced Troy Dillard, Deputy Director, and Deb Cook, Administrator, Administrative Services Division. He said other key staff members were in attendance and available to answer questions from the Subcommittee.

Mr. Breslow testified the Director's Office was responsible for the oversight and functions of the Department of Motor Vehicles, including handling complaints, media requests, internal audits, personnel, and training for employees. The Director's Office had 23 employees who directed and controlled decisions affecting the policy of the agency. He asked Deb Cook to review the budget line items.

Ms. Cook explained the Director's Office budget was funded with Highway Fund appropriations. She reviewed the Enhancement (E) modules included in the budget for the 2011-2013 biennium:

- E900—Transfer in of a DMV services technician 2 position from Central Services, budget account (BA) 4741. The main functions of the position were receptionist duties, summons and complaint processing, and telephone coverage for the Director's Office. The employee was currently working in the Director's Office, and the transfer was being requested to ensure budget integrity.
- E680—Establishment of a convenience fee to fund self-serve kiosks.

- E681—Recommends advertising fee revenues to offset the cost of communication systems.
- Replacement equipment and computer hardware and software had been taken out of the biennial budget and placed into the Department's one-shot appropriation request.
- A supplemental request for additional transactional costs for kiosks would be included in another bill draft request.

Mr. Breslow explained the kiosk portion of the DMV budget went hand in hand with a bill to move the kiosk funding from the Highway Fund to a self-funded program. Currently a vendor was being paid to provide the kiosks statewide, which cost about \$30,000 each, plus maintenance and service costs. The Department paid the transaction fees, which varied from \$1 to \$4.99, depending on the transaction, out of the Highway Fund to the vendor. The bill would change the funding to a fee-based, self-funded program. Rather than pay the fees later from the Highway Fund, the consumers would pay the fee at the time of the point of sale at the kiosk.

Mr. Breslow said the funding change would remove funding limitations on the number of kiosks the agency would be able to implement due to the 22 percent cap. Currently, there were 17 kiosks located in DMV offices and 7 or 8 in partner offices. As of February 23, 2011, a kiosk had been located in Fernley, which was promised to the Legislature in 2009. Another kiosk was being planned in Gardnerville at a 24-hour Scolari's shopping center and another location was being considered in North Las Vegas.

If the self-funded program was approved, Mr. Breslow explained, the Department would be allowed to locate more kiosks around the state to decrease the wait times at DMV offices. He said the state of Indiana had approximately 120 DMV offices; Nevada had 17. He would like to open "DMV in a box" in 80 new locations over the next biennium, and locate the kiosks in neighborhoods, grocery stores, universities, and job centers. The goal was to reverse the commute so individuals would no longer have to drive distances through busy traffic to an urban corridor to visit a DMV office, only to wait anywhere from 40 minutes to 2 hours, depending on the day, and then return home the same way. Mr. Breslow said currently the kiosks were at the DMV offices, so even if customers wanted to use the kiosks, the majority of them used them after they stood in line and a DMV staff member pointed the kiosks out to them.

Mr. Breslow went on to say a new generation kiosk should be available by spring of 2012 and would be less expensive and more functional. The plan was to add all of the DMV transactions that could be done online to the kiosk program. Currently the only functions available were to renew an automobile registration, get a copy of a driver's record, and pay fines for insurance verification lapses. With self-funding, it would be possible to add driver's license renewal (every four years), and the kiosks could be deployed in many more locations. If kiosks could be located in residential neighborhoods and kept open 24 hours a day, 7 days a week (24-7) instead of just the regular DMV office hours, it was hoped the fees would be reduced, there would be an increase in the number of transactions, and more types of transactions would be available. Mr. Breslow pointed out none of those activities could take place if the kiosks were being paid for from the Highway Fund; additional kiosks would not be possible unless the cap on administrative expenses was removed.

Senator Parks asked whether the bill draft request (BDR) had been drafted and whether the convenience fees would be established as a fixed amount in statute or as permissive language allowing the Department to set the fee.

Mr. Breslow replied as the BDR was drafted, the Department would be allowed to set the fees in regulations. He noted the fee amounts established by the vendor would not be increased by the Department; it would simply pass through the Department. The fees would only include the transaction cost to pay the service, maintenance, and cost of the kiosk to the vendor; credit card fees could not be collected. Feedback would be solicited from the Legislature and the public before the fees were set in regulations. Mr. Breslow explained the base rate for a simple transaction was currently \$1, and the reregistration fee for a vehicle was \$4.99. He said some of the vendors believed they could lower the fees to \$.50 for simple transactions and to \$1 or \$2 for the most expensive transaction.

Continuing, Mr. Breslow explained if a kiosk was used for registration, the decal would be disbursed by the kiosk, which was an added expense. A copy of a driver's license and a driver's license renewal, which currently could not be accomplished at a kiosk, would also be disbursed by the kiosk, and the transaction would duplicate one made at the DMV office. He said there would be a range of pricing, and he noted again that the services were free online, which was encouraged. Only about 35 percent of customers were using online services; some wanted to receive a document personally, and some preferred to talk to an employee in person. However, the kiosks were easy to use, and the most complicated transactions averaged less than 2 1/2 minutes. Mr. Breslow

noted many senior citizens used the kiosks, and the goal was to conduct a public information campaign and place the kiosks in neighborhoods so they would become as common as an ATM or Redbox DVD rental machine.

Assemblywoman Carlton recalled Mr. Breslow had said the intention was to make the kiosk program revenue neutral: consumers would be charged the actual costs of use. She affirmed the state would not be purchasing the kiosks.

Mr. Breslow replied the state would not pay for the kiosks: the vendors would, which was why they assessed the fees. The bid being released would be a four-year contract with three two-year extension options, which should allow the vendor to amortize the costs and reduce the fees. Mr. Breslow said it was a conscious decision by the Department to enter into a longer contract. The benefit of the kiosks was that once they were installed, the transactions were Web-based, so any new service available online could be made accessible on a kiosk. Mr. Breslow said if the Department obtained the ability to add kiosks, many more functions would be available, which was not possible now because of the lack of funding.

Assemblywoman Carlton asked whether there would be advertising on the kiosks. Mr. Breslow replied he did not know. The vendors would like to do advertising, but the Department had requested an Attorney General's opinion and it had not yet been received. It was illegal to advertise in a state building, so the question was whether a kiosk located in a grocery store would be considered a state building. He said the vendors would like to find sponsors to lower the cost of the transaction fees charged.

Assemblywoman Carlton said she found it interesting that the Department was not allowed to collect credit card fees. In looking at later agenda items, the state was subsidizing the credit card purchasers \$5 million to \$6 million annually for the convenience of consumers to use their credit cards. She asked what could be done to change the policy.

Mr. Breslow responded every contract he had seen had a caveat that there was no intention to collect money for credit card fees. There was a law prohibiting the addition of the charge at the point of sale. He did not know the reason.

Assemblywoman Carlton asked whether the reason was because of an agreement with the credit card companies or because it was a state law. Mr. Breslow replied the State of Nevada had a master contract with the credit card companies. The DMV staff recently had a meeting with representatives of

the Office of the State Treasurer and the Purchasing Division concerning credit card fees. Apparently Nevada had one of the lowest rates on the West Coast, much less than California. Because it had billions of dollars in credit card fees, California was leading a drive to solicit a new request for proposal (RFP) that the western states could join in if the proposal for fees came in lower. However, Mr. Breslow explained, the current state contract, which sets the rates, had resulted in the Department, which was trying to promote alternative services such as payment by credit card to reduce wait times, paying \$6 million to \$7 million in fees to the credit card companies from the Highway Fund.

Assemblywoman Carlton remarked the problem should be pursued because that was a large amount of money for someone's convenience. She paid her utilities at Western Union with her credit card and paid fees for doing so. The state must find a way to recoup some of those fees.

Mr. Breslow acknowledged the problem was statewide; any agency that accepted credit cards was liable for the fees. He noted the fee was less using an ATM, and there was no fee if payment was made in cash. About 50 percent of the transactions in Las Vegas were paid in cash, but cash payments were much less in northern Nevada. He said if credit cards were no longer accepted, the Department would be saving money, but the programming costs to change how it was doing business could be the same as the amount saved if credit card transactions were not allowed. Mr. Breslow added that if the Department's request was approved and kiosks were placed throughout the neighborhoods, he expected several state agencies would want to use kiosks for other governmental transactions—hunting and fishing licenses, for example. He expected kiosks would become a part of everyday life in the future.

Chair Hogan asked Mr. Breslow to brief the Subcommittee on the reasons for the proposal to transfer the State Department of Agriculture's Gas Pollution Standards and Weights, Measures, and Standards programs to the Department of Motor Vehicles.

Mr. Breslow replied Troy Dillard, Deputy Director, had been tasked with making the proposed transaction and transfer work for the Department. In conjunction with the State Department of Agriculture, Mr. Dillard had prepared a white paper, which had been submitted to the Subcommittee ([Exhibit C](#)), reflecting the pros and cons of transferring the programs to DMV, leaving them in Agriculture, or transferring the fuel standards program to DMV and leaving the weights and measures function in the Department of Agriculture. Mr. Breslow

said splitting the functions sounded like a good idea, but in practicality, they could not be split. He asked Mr. Dillard to further explain.

Troy Dillard, Deputy Director, Department of Motor Vehicles (DMV), stated The Executive Budget included the transfer of two budget accounts (BA), 4551, Weights, Measures, and Standards, and 4537, Gas Pollution Standards, from the State Department of Agriculture to the Department of Motor Vehicles. He explained the smallest of the accounts, Gas Pollution Standards, involved three chemist positions that did nothing other than test automotive fuels for compliance with federal and state standards. The Weights and Measures program was a much broader program, in that there were several different functions of weighing and measuring. Samples of fuel were collected from fuel stations around the state and delivered to the chemists for testing. Pumps were also tested to determine that the correct amount of fuel was being pumped. Other items not specifically related to motor vehicles were also weighed and tested.

Mr. Dillard said when the proposal was being evaluated during the budget preparation cycle, the best placement of the functions was studied. Although the functions related to both Agriculture and Motor Vehicles, and there were pros and cons of the decision, the final decision was that the programs fit best under the Department of Motor Vehicles. The white paper was developed to specifically provide the Legislature with the information that was considered when the decision was made to include the transfer in The Executive Budget, as well as to discuss the option of splitting the two programs. Mr. Dillard said neither department felt splitting the programs was a good solution for either department; the two programs were closely related and the oversight should be under one roof.

Assemblyman Goicoechea noted a weights and measures facility was housed in Elko, and he asked whether the facility would be closed if the program was transferred to DMV. If the trucks and facilities were moved to Reno, he was concerned with the amount of mileage that would be required for trucks to travel from Reno to Elko to test scales.

Mr. Dillard replied there were no plans to close any of the facilities. The staff in Elko would be moving to the DMV office in Elko where they would be physically housed; all others in the state would remain in their same locations. If Assemblyman Goicoechea's question was specifically related to agriculture, Mr. Dillard was not able to provide an answer because he was not aware of the

Department of Agriculture's plan to deal with livestock issues not related specifically to the Weights and Measures program.

Assemblyman Goicoechea said he was concerned whether the Department of Agriculture could afford to maintain the facility if the livestock inspection function was all that remained. Mr. Dillard replied a representative from the Department of Agriculture was present to address his concerns. He knew there definitely would be a change in the funding structures for cost allocations. There would be savings in the Highway Fund by the cost allocations if the function moved to DMV that would exceed about \$500,000 over the biennium. However, he added, there was an offsetting cost of a smaller nature on the Agriculture side with its budgets as well.

Mr. Breslow added that Department of Administration staff representing both departments were also present to address the cost allocations in detail.

Assemblyman Goicoechea replied that clearly there would be consequences, but it was not necessary to delve into them at this time.

Senator Parks said it appeared there would be a reduction to the Highway Fund and an increased cost to the General Fund. He asked whether DMV would be working through an interlocal agreement with the Department of Agriculture and, if so, whether the agreement had been developed.

Mr. Dillard replied there would be a need to develop an interlocal agreement if the two budgets were split between the two departments. If the budgets stayed with one department or the other, there would be no need for an agreement. Regarding the funding issue, if the two budgets were moved to DMV, the Department of Agriculture would lose a cost allocation of approximately \$287,000 in General Fund that had been spread out across its accounts for administrative support.

Mr. Dillard said the program was initially submitted to become its own division within the DMV, but he and Director Breslow had determined the program would be better placed within the existing Motor Carrier Division where the other fuel issues were administered. A budget amendment would be coming forward to reflect the change in structure, as well as the cost allocation, which would save the Highway Fund over \$500,000 over the biennium.

Assemblyman Goicoechea affirmed \$518,000 in Highway Funds would be saved by moving the two programs to DMV, but the Department of

Agriculture's budget would need to be augmented by \$252,000, resulting in an actual savings of approximately \$250,000.

Carla Watson, Budget Analyst, Budget Division, Department of Administration, agreed there would be an overall savings in Highway Funds, but there would be an additional cost in General Fund, which was included in the Department of Agriculture's budget.

Mr. Breslow called the Subcommittee's attention to a new expenditure item in the Director's Office, decision unit E681, "Communication Systems in Field Offices." The Executive Budget included \$146,920 (in advertising charge revenue) in each year of the 2011-2013 biennium for digital advertising in six field offices. He explained the Department wanted to solicit requests for proposals to see who would be willing to bid on installation of big-screen TVs in the DMV offices. The vendor would purchase the screens and advertising messages, and in exchange the DMV would have public-service announcements on part of the screen, along with the DMV office wait times, which were now live on the Internet. Mr. Breslow said since an RFP had not yet been issued, the dollar amount was unknown. If the item was approved, another option would be for DMV to buy the screens and solicit an RFP for advertising. However, he said that did not appear to be an industry practice; other DMV offices across the country provided the screens, the vendor provided the services, and the states received no revenue. Mr. Breslow clarified the request was to facilitate going forward with an RFP to do advertising in the DMV buildings only; the actual amount that might come in for advertising was unknown. If the program was successful, it might be possible to ask the vendor, since it was not paying for the equipment, to split actual revenues with the State of Nevada. Mr. Breslow said currently the law prohibited advertising in state buildings, and legislation would be required to allow advertising to take place.

Chair Hogan asked Mr. Breslow to provide details concerning the time frame for the issuance and processing of the RFP. Mr. Breslow replied he had not yet seen the RFP for advertising, but lobbyists had contacted him concerning options and the industry's interests.

Assemblywoman Carlton recalled years before there had been a bill allowing advertisement in state buildings, particularly in DMV offices, and she believed problems arose in controlling the type of advertising. With an RFP and a third-party provider, she was concerned with the control mechanisms and how to avoid being sued when an advertiser was rejected because the material was not family-friendly.

Mr. Breslow understood a similar bill had been introduced in many forms over the years, including advertising on the Internet and on bills and postcards. This was a much reduced version to be able to install screens in the offices. He had learned from the industry that the organization that dealt with motor vehicles departments across the country typically had one or two service providers in other state offices. He said the organization installed the screens and ran public service announcements and sponsored statements; there were no traditional advertisements. As a service in exchange for the installation, the motor vehicle departments were allowed to put up safety messages and information. Mr. Breslow said the RFP would address the advertising issue and types of advertisements; dissemination of public information was the goal. If no bids were received, the program would not move forward, even if the enabling legislation was passed.

DEPARTMENT OF MOTOR VEHICLES
DMV—REAL ID (201-4746)
BUDGET PAGE DMV-7

Bruce Breslow, Director, Department of Motor Vehicles, said he had sent letters to legislators and the leadership on both sides and met with the Attorney General and the Governor and his staff, and he believed a solution had been reached regarding REAL ID that would be palatable and allow the state to be in compliance with federal Department of Homeland Security laws. The Department had developed an RFP and submitted it to legislative leadership that would provide a choice between two types of licenses. The proposal was to offer an option to Nevadans to have a REAL ID compliant license or a regular driver's license; DMV had the machines to do either. The REAL ID would require additional paperwork and include a star on the front. The option would meet the federal requirement for compliance with REAL ID while still allowing the Department to service and address residents who could not qualify for or did not want a REAL ID. He said giving the public a choice as to which type of license they wanted would be a common-sense way to solve a very political problem.

Mr. Breslow said the funding in The Executive Budget associated with REAL ID was actually a group of grants the Department had garnered from the federal government over time. Should the Legislature want to move forward on the Nevada option, the grants would cover the cost of providing the REAL ID portion going forward. If the Legislature did not wish to go forward with the Nevada option, the grant funds would be used toward best practices to implement some of the requirements with driver's licenses, which was currently

being done. He explained there were 39 benchmarks required to come into final compliance with the REAL ID Act of 2005, which were supposed to be in place by May 2011. However, although many states were working on it, only a few would be in compliance by May. If the 2011 Legislature came forward with a bill to allow the option, DMV would prefer to have the next biennium to slowly implement the additional benchmarks, rather than complete a totally new driver's license program at one time. Grant extensions could be requested, but there would be no guarantee that funding would be available to go forward after this biennium.

In response to a question concerning the name REAL ID, Mr. Breslow said someone had suggested calling it advanced security issuance, but no one recognized it by that name, so each time it was used, the Department had to clarify it as being the REAL ID program. Therefore, he said, the program would continue to be called REAL ID.

Assemblywoman Carlton was interested in the history of the REAL ID program in conjunction with the customer wait times. She recalled the program had been implemented for a short time and then suspended because of difficulties in applicants having all of the proper and necessary documents. She questioned the general public policy of having two types of licenses. The purpose of a driver's license was to document that an individual was qualified to operate a vehicle; she believed it was not meant to be used for other purposes.

Mr. Breslow replied Assemblywoman Carlton was correct. The state had implemented the REAL ID program all at once. At that time, the state was under the direction that it had to adopt a complete new way of processing driver's licenses by using "Photo First," which meant applicants had to stand in an information line, then stand in line to have a photo taken, and then wait for a service window to open. In the two months since he had become Director, Mr. Breslow had eliminated the information line, and the Department had received written approval from Homeland Security to eliminate "Photo First" and instead use "Photo Last." He said the federal government requirements had changed: the types of documents that were initially required had changed, and other documents could be provided in their place.

Continuing, Mr. Breslow said it was true that a driver's license was for the purpose of operating a vehicle, except when dealing with Homeland Security. Currently Homeland Security required a passport or a driver's license to board an airplane. However, Homeland Security would be mandating that a driver's license was no longer acceptable to board an airplane unless it was REAL ID

compliant. He said the proposed driver's license option would give citizens a choice whether to obtain a REAL ID or continue to use their driver's license and passport. Mr. Breslow noted that several of the documents required when REAL ID was initially implemented were now standard practice at the DMV, although not to the extent required under REAL ID.

Chair Hogan asked Mr. Breslow to address the cost impacts of issuing the two types of licenses.

Mr. Breslow replied there would be no additional cost, because the current machines were programmed to produce either type of license. The only difference would be the time and documentation to prove a person's qualifications for a REAL ID. He noted that the machines were always equipped to issue two licenses, but Brenda Erdoes, Legislative Counsel, had rendered an opinion that current state law allowed only one license as a state, which was why legislation for an option was being proposed.

Senator Parks asked whether there had been any recent federal developments regarding deadlines for achieving compliance. Mr. Breslow replied Homeland Security had indicated a change would be proposed that would make states happy, which probably meant the May 2011 deadline would be pushed back.

Mr. Breslow recalled when the program was previously turned on and then turned off four months later, there was a spike in wait times. He said the previous process would be changed. Consideration was even being given to having one of the four Las Vegas offices just issue driver's licenses, with the other three performing all functions.

Mr. Breslow explained the reason the Department could not proceed was that the current regulations were emergency regulations put forward by Governor Gibbons to start the program. When the regulations came to the Legislative Commission from the agency for approval, the Commission declined to consider them. The emergency regulations had expired, so the Department had no authority to go forward with the program. He said the decision to go forward was one for the Legislature to make, and the Governor supported the option plan. Mr. Breslow realized the phrase REAL ID was not popular, and he speculated it was going to take cooperation on both sides of the aisle to approve the program and give Nevada citizens an option.

Assemblyman Hambrick asked what the cost factor was for individuals who were ineligible for a driver's license, either for legal reasons because of conviction for a driving error or because of age.

Debbie Wilson, Management Analyst, Management Services and Programs Division, Department of Motor Vehicles, replied individuals not eligible for a driver's license could receive an identification card, which could also be a standard identification card or REAL ID compliant card.

DEPARTMENT OF MOTOR VEHICLES
DMV—AUTOMATION (201-4715)
BUDGET PAGE DMV-15

Bruce Breslow, Director, Department of Motor Vehicles (DMV), introduced Prashanth Vankalapati, Administrator, Division of Information Technology, DMV, who explained the Department's Information Technology (IT) Division provided all of the data processing services, including operations support, network support, applications support, and systems support. In addition, a core function was development of custom transaction-based software applications for the Department's ongoing needs and management and maintenance of all of the Web applications seen on the Department's website, dmv.nv.com. Some of the applications also interfaced with the kiosk applications and payment platforms of other state and federal entities. One of the more important core functions of the IT Division was to collect, track, audit, and reconcile more than \$1 billion annually for the Department.

In summary, Mr. Vankalapati said the IT Division consisted of 64 full-time highly talented employees who served all of the technology needs of the Department of Motor Vehicles and also created enterprise-level software applications. He reviewed an Enhancement (E) unit and one-shot appropriation recommended for the Automation budget:

- E710—Highway Funds of \$341,900 in FY 2013 for telecommunications equipment upgrades in the DMV field offices.
- A one-shot Highway Fund appropriation of \$905,210 in FY 2011 for replacement of computer software and equipment.

Senator Parks asked whether the telephone system equipment was a normal upgrade or a technology upgrade that was warranted because of the age of the equipment.

Deb Cook, Administrator, Administrative Services Division, DMV, replied the request was for replacement of four switches: one each for the Galletti field office in Reno, the Henderson field office, and the Flamingo and Sahara field offices in Las Vegas.

Mr. Breslow added the request was included in the second year of the biennium because the Department of Information Technology (DoIT) wanted the Department of Motor Vehicles to include the request in an overall RFP that DoIT would be issuing in an attempt to lower the cost.

DEPARTMENT OF MOTOR VEHICLES
DMV—ADMINISTRATIVE SERVICES (201-4745)
BUDGET PAGE DMV-21

Deb Cook, Administrator, Administrative Services Division, Department of Motor Vehicles, explained the budget requested funding for centralized support services, which included fiscal accounting, budgeting, travel arrangements, payroll, warehousing, inventory controls, mail services, purchasing, contracts management, facilities management, revenue collection and distribution of over \$1 billion a year, and bad debt services. The budget had 48 positions associated with it, and the funding was mainly from Highway Fund appropriations, title reports of sale fees, and driver's license photo fees.

Ms. Cook reviewed decision unit Enhancement (E) 680, which represented anticipated increases in credit card fees related to collections of the new convenience fee recommended for the kiosk program, as represented in the Director's Office budget. She said a supplemental request to cover additional merchant fee transactions would be included in a bill to be heard at a later time.

In addition, Ms. Cook continued, a request to replace computer hardware and software was taken out of the budget and placed in the Department's one-shot appropriation request.

Assemblywoman Carlton asked whether the Department's projections of the dollar amount that would be needed to pay the merchant fees were based on realistic numbers.

Ms. Cook replied credit card fees in general would vary based on the amount of the transaction, and the Department was constantly updating its projections. Regarding E680 and the kiosk program, the Department had requested \$5 per

transaction fee for the more expensive registration renewals, which comprised 95 percent of the kiosk transactions.

Senator Parks noted item E680 recommended Highway Funds of \$8,945 in fiscal year 2012 and \$38,805 in fiscal year 2013 for increased merchant service fees. He asked whether those amounts could be absorbed into the recommended base expenditures.

Ms. Cook replied the fees covered transactions associated with the kiosks. Under the proposed new bill, the kiosk transaction fee would be charged to the customer, but the amounts Senator Parks referred to reflected additional credit card fees, which were paid by the Department. She said the Department would not be able to absorb those fees in its budget.

DEPARTMENT OF MOTOR VEHICLES
DMV—COMPLIANCE ENFORCEMENT (201-4740)
BUDGET PAGE DMV-27
DMV—MOTOR VEHICLE POLLUTION CONTROL (101-4722)
BUDGET PAGE DMV-33

Burel Schulz, Administrator, Division of Compliance Enforcement, Department of Motor Vehicles, stated the Division consisted of two budget accounts. Budget account (BA) 4740, Compliance Enforcement, protected the interests of businesses through investigation of unfair business practices, and safeguarded citizens' property interest and vehicles. The Division included 57 full-time employees. Budget account 4740 was the primary budget for the Division and was funded by Highway Funds.

Mr. Schulz went on to explain that budget account 4722, Motor Vehicle Pollution Control, was also under the purview of the Compliance Enforcement Division. Administrative and operational oversight for BA 4722 was funded through BA 4740. The primary functions of the Pollution Control account included regulation of the automobile industry as it related to the sale and transfer of ownership in motor vehicles. Regulation included licensing and registration of automotive-related businesses, including automobile dealerships, manufacturers, salesmen, body shops, salvage pulls, wreckers, garages, driver training, traffic safety, DUI schools and instructors, and protecting consumers and businesses from fraud and fraudulent uses of the processes of the Department. The highest profile activity was identity theft.

Mr. Schulz said the Compliance Enforcement Division consisted of three units: the Fraud Investigation unit, the Industry Regulatory unit, and the Occupational Business Licensing unit.

Continuing, Mr. Schulz explained decision unit Enhancement (E) 606 recommended a reduction in Highway Funds of \$109,188 in 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. Mr. Schulz explained elimination of the administrative assistant 3 position did not result in a layoff; the employee was transferred to a vacant position in the Occupational Business and Licensing Section.

Mr. Schulz said the budget also reflected the downgrading of two sworn investigators to nonsworn civilian status. Budget account 4722 included downgrades of two additional positions from sworn officers to nonsworn positions.

Mr. Schulz said an amendment had been submitted to decision unit E606. Once the Department reviewed the positions to be downgraded, it had determined that the downgrades would probably lead to inefficiencies in several program areas and hamper efforts to fight criminal activity, especially in the Las Vegas area. He said, through technology, when a vehicle was being emission tested, it was now possible to determine whether the vehicle identification numbers (VIN) matched. It was previously thought the activity related to fraudulent smog checks, but a sergeant in Las Vegas submitted three-month data of over 5,000 mismatched VINs to the National Insurance Crime Bureau to run through its database, and 158 stolen cars were found. The Department sent investigators to recover the first vehicle, who found it had been stolen by a professional ring out of Los Angeles and sent to Las Vegas. The VIN was professionally altered with a nonmanufactured VIN plate from a vehicle of similar description. The vehicle had been sold and registered in Nevada as a nonstolen vehicle. Mr. Schulz said the second vehicle recovered had been stolen at gunpoint from a dealership in Michigan, and the VINs had also been switched professionally from a nonproduced vehicle.

The investigators that were scheduled to be downgraded were working with local law enforcement to recover the vehicles and needed to be sworn to serve the search warrants, to do the arrest warrants, to take suspects into custody, and to recover the vehicles.

Continuing, Mr. Schulz said the next program area to be affected was the data program. The Division had begun inspecting affidavits of citizens stating their vehicles were kept out of a nonattainment area and that they were not required to have their vehicles tested for emissions. A significant number of fraudulent affidavits had been found, and the Division had begun to bring those individuals into compliance by issuing citations and requiring their vehicles be emissions-tested.

The Division was also working with the Las Vegas Township Constable's Office to find residents of Nevada who continued to register their vehicles in other states. Mr. Schulz said attempts were being made to expand the program statewide to bring the offenders into compliance and have them register their vehicles in the State of Nevada.

Mr. Schulz said the decision to downgrade the investigator positions was an attempt to save the state money, but after considering the options, the Department determined the cost savings would not outweigh the resulting disservice to the automobile industry and to the victims of the fraud.

Mr. Schulz reviewed the remaining Enhancement (E) decision units requested by the Department for the Compliance Enforcement Division:

- E710—Request for the replacement of operating equipment was recommended as a \$91,837 Highway Fund one-shot appropriation in The Executive Budget.
- E715—Request for replacement of computer hardware, software and printers, which was recommended in The Executive Budget as a \$174,651 Highway Fund one-shot appropriation.

With regard to the Department's Facial Recognition system, Chair Hogan noted more than 470,000 cases had been flagged as possible matches. He asked Mr. Schulz to discuss the backlog of cases and the agency's plan to investigate them for possible fraud.

Mr. Schulz replied when the Facial Recognition system was first initiated, all photographs in the Department's record base were examined against all other photographs, which revealed over 500,000 possible matches with 80 percent to 85 percent possibility of a match. However, the Department had found the likelihood of finding a match was very slim. The Department had been examining over 2,000 cases each month, and only a few resulted in actual

fraudulent identity. Mr. Schulz said incoming cases of facial recognition were being examined in real time, and reduction of the current backlog of 447,000 cases would continue.

Burel Schulz, Administrator, Division of Compliance Enforcement Division, Department of Motor Vehicles, explained Motor Vehicle Pollution Control, budget account 4722, had 38 full-time employees and was basically the state's vehicle emissions program budget. The budget was funded with fees from a \$6 assessment from smog checks conducted in Clark and Washoe Counties and additional revenues from licensing from emissions stations and inspectors. He said the Compliance Enforcement Division was designated as the implementation and enforcement component of the state's air quality program as it related to vehicle emissions.

Mr. Schulz went on to explain *Nevada Revised Statutes* 445B.830 designated the financial support of agencies in order of priority from available funding within the Pollution Control account:

- The Department of Motor Vehicles.
- The State Department of Conservation and Natural Resources.
- The State Department of Agriculture.
- The local government agencies in nonattainment areas, which were mostly Clark and Washoe Counties.
- The Tahoe Regional Planning Agency.

Additionally, Mr. Schulz said Clark and Washoe Counties received \$1 from each emissions certificate sold in their respective counties.

Continuing, Mr. Schulz reviewed the Pollution Control account's Enhancement (E) decision units:

- E606—Elimination of one emission technician 2 position. The position was vacant and did not result in a layoff; downgrade of two compliance enforcement investigator positions to compliance investigator positions.
- E710—Recommended \$81,893 over the biennium for equipment replacement.
- E715—Recommended \$69,283 over the biennium for computer hardware/software/printer replacement.

- E720—Recommended \$1,803 in fiscal year 2012 for new equipment for the Reno lab, such as handtools and grinders.

Mr. Breslow wanted to state for the record that Mr. Schulz and his agents had recently busted a huge ring of counterfeiters in northern Nevada that were producing high-quality fake Nevada and California driver's licenses. The ring had been in existence for over ten years, and as the lead agency, Nevada's Division of Compliance Enforcement working with Homeland Security and local police were able to capture the offenders.

DEPARTMENT OF MOTOR VEHICLES
DMV—CENTRAL SERVICES (201-4741)
BUDGET PAGE DMV-40

Bruce Breslow, Director, Department of Motor Vehicles (DMV), introduced Rhonda Bavaro, Administrator, Division of Central Services and Records, to explain the many functions of Central Services.

Ms. Bavaro introduced herself and explained Central Services was responsible for the back office transactions of the DMV, which included service and information regarding driver's licenses, vehicle registrations and titles, disabled plates and placards, and the production of Nevada license plates. The unit had three distinct program areas:

- Alternate Services—Provided alternate methods of conducting business with the Department, including driver's license and registration renewals by mail, special plates, data integrity, and the centralized call center.
- Processing Center—Responsible for title research and production, driver's license-related transactions, and document scanning.
- Tag Plant—Responsible for the design and production of all Nevada license plates, as well as their delivery to the DMV and assessors' offices.

Ms. Bavaro highlighted the Enhancement (E) decision units for the Central Services budget:

- E710—Recommended \$2,626 over the 2011-2013 biennium for office equipment replacement.

- E715—Recommended \$34,975 over the 2011-2013 biennium for printer replacements for the salvage title section.
- The Executive Budget recommended Highway Fund one-shot appropriations of \$49,323 for additional office equipment and \$345,083 for computer replacement.

Senator Parks questioned the potential closure of the Nevada State Prison (NSP) in regard to the continued operation of the license plate factory. He understood if the determination was made to move the factory to the Stewart Conservation Camp, the NSP inmates currently working in the plant were long-term inmates who would not qualify for transfer to Stewart.

Mr. Breslow replied he had recently met with the Greg Cox, Acting Director of the Department of Corrections, and there appeared to be several options should the Legislature vote to close NSP:

- Leave the license plate printer, stamper, and equipment at NSP. However, inmates would have to be brought in from another facility, and guards would need to be taken from their assigned location and stationed at the perimeter of the factory area.
- Move the license plate factory to the Stewart Conservation Camp, which according to Director Cox would not be an issue.
- Move the factory to the Las Vegas area. Mr. Cox and DMV believed the factory should remain in Carson City, but if the Legislature directed that it be moved to a prison facility in Las Vegas, he would be willing to do that as well.

Mr. Breslow said he did not have dollar estimates of moving the equipment, but the cost to move the original machine that stamped and pressed the plates might require a helicopter and removal of the roof of the building because of its weight. He added the machine was very labor intensive and was only used for a rare print or special-plate reissue.

Mr. Breslow reiterated that Mr. Cox had indicated he could arrange to move the machine to Stewart, leave it at NSP, or move it to Las Vegas. Mr. Breslow remarked the license plate factory location should not be a factor in the decision whether to close the Nevada State Prison: there were several options.

Chair Hogan questioned the reason the agency's performance indicators indicated that the percent of driver's licenses renewed via the Web and kiosk appeared to have declined compared to the fiscal year 2010 projection and was predicted to remain flat for the 2011-2013 biennium.

Mr. Breslow replied the performance indicators were drafted by the previous administration, which did not plan to increase the number of kiosks or add driver's license renewals to the kiosk transactions. He said the number of transactions was not projected to increase, but the addition of kiosks and driver's license renewals would substantially increase usage.

Continuing, Mr. Breslow explained veterans currently had to go to the DMV office to claim their exemption, and DMV was working with the assessors across the state to integrate the technology so that transactions involving the exemption could be completed on the Web and the kiosk. He said there were many more types of transactions that could be considered if the kiosk program became self-funded.

Chair Hogan affirmed the performance indicators would change as the enhancements and improvements planned by the Department were approved and implemented. Mr. Breslow said the number of transactions should rise if the kiosk public relations program was successful. Education for the program was not a priority in the past, but it would be in the future.

Senator Parks requested further explanation of the Electronic Dealer Reports of Sale (EDRS) program. Troy Dillard, Deputy Director, DMV, replied one of the Department's focuses was to try to get customers to use alternate technologies to reduce wait times in DMV offices. Mr. Breslow had highlighted two programs toward that effort, and the EDRS program was the third. Mr. Dillard explained the EDRS program was currently quite limited because a vendor was the go-between between DMV and larger car dealerships. The Dealer Management System (DMS) extracted the information necessary for the Dealer Report of Sale and transmitted it to DMV electronically, which allowed the transaction to be entered electronically and eliminated the need for the customer to wait in line at DMV to transfer the vehicle. Mr. Dillard explained there was a cost associated with the transfer of information between the vendor and DMV, and DMV paid the cost because it was more affordable than paying for personnel and facilities.

Continuing Mr. Dillard said the program had been in place for nearly three years, but the smaller dealers across the state, which were the majority, did not have

the technology for the EDRS program. Because of the pilot program, the backend functions of the Dealer Report of Sale had already been built into DMV's system; what had not been built was the Web interface to put a Web page up for a dealer to enter data manually rather than electronically from the DMS. He said manual input would allow every dealer to participate in the program, with the bulk of the sales handled electronically. There would be no additional cost because the Department's IT staff would program the frontend of the Web interface. Additionally, customers would be allowed to access electronic services, via the Web and, hopefully, the kiosks in the future.

Mr. Breslow said once the system was in place, the Department may request the Legislature to make it mandatory to use the system. The dealers could enter information in the system at the time of sale, which would be a desirable service to the public to eliminate the need to visit a DMV office to register their vehicles.

Senator Parks asked whether the Web platform represented the 200 hours of programming included in the Department's budget. Mr. Dillard replied, yes, the 200 hours of programming would be completed by the Department's IT staff. Mr. Breslow noted that in a good year, there were approximately 250,000 cars sold in Nevada, which had not been the case for the past two years. However, if the Dealer's Report of Sale could be completed by the dealer at the time of the transaction, and the customer could go home and register the car electronically, there could be as many as 250,000 fewer transactions in line at the DMV offices.

DEPARTMENT OF MOTOR VEHICLES
DMV—VERIFICATION OF INSURANCE (201-4731)
BUDGET PAGE DMV-47

Rhonda Bavaro, Administrator, Division of Central Services and Records, Department of Motor Vehicles (DMV), explained budget account 4731 was the Liability Insurance Validation Electronically (NV LIVE) program, which was instituted to ensure motor vehicles maintained continuous liability insurance. The program was self-funded, with 21 full-time employees, and the revenue generated for the account was from reinstatement fees and vehicle registration suspensions for no insurance.

Ms. Bavaro stated the Enhancement (E) decision units for the account included E710 and E715 for office equipment replacement and computer replacement equipment, respectively.

Mr. Breslow remarked the Insurance Verification Program (IVP) was the first program brought to his attention when he arrived at the Department. Because it was essential that the program's problems be resolved before the 2011 Legislature convened, a task force of staff members was immediately created.

Mr. Breslow explained Nevada LIVE (NV LIVE) should have never been turned on one year ago. It was a Web-based program that would work when the insurance companies had their records on the Web. When it was turned on, less than 50 percent of the insurance companies were participating. He recalled that historically when a customer approached a DMV window with an insurance card, it would be accepted as a verbal affidavit that the customer was insured and his vehicle could be registered. However, also historically, between 10 percent and 20 percent of individuals canceled their insurance soon after registration of their vehicle.

Mr. Breslow further explained NV LIVE was a computer program that would periodically check records to confirm individuals were still covered by insurance. The problem was that, as of one month ago, 58 percent of the insurance companies were Web-based and known as group A companies. Another group, known as group B companies, provided their "books of business" to DMV, which would extrapolate the data and try to match records. Mr. Breslow said some well-known large companies had not provided their "books of business" to DMV in four months, so new clients and any changes in insurance were not transmitted to DMV, which led to many postcards being sent to individuals indicating they were uninsured, when in fact many of them were insured.

Mr. Breslow said there was a smaller group known as group C companies that would provide the DMV with Excel spreadsheets, and some of them were extremely small. The insurance industry and DMV had agreed upon a deadline of July 1, 2011, for all of the group B companies to become group A companies. He and DMV staff had met with the state insurance commissioner and staff of the Division of Insurance and prepared a letter for his signature and the insurance commissioner's signature, which was sent to all of the insurance companies reminding them that they needed to comply with group A requirements by July 1, 2011. At the same time, the Department's IT staff created a separate group to help companies migrate to Web services by answering questions and assisting them with computer issues. He said within the past two weeks, 58 of the group B companies began switching to the A group. The regulations did not require insurance companies to implement the online verification system, but the law required them to, and it was enforceable

by the insurance commissioner. Mr. Breslow said he would be working with the insurance commissioner to help bring the companies into compliance with the law, and once they were, the Department would be able to know instantly whether a vehicle owner had insurance.

Continuing, Mr. Breslow said more than 50 percent of the data provided in the insurance companies' "books of business" consisted of incorrect and old data. Even some of the group A companies failed to inform DMV when they dropped a client. He said the steps being taken now should result in 98 percent of the insureds in the state being on the Web-based program by July 2011.

Mr. Breslow said previously the data was so bad from the insurance companies and the Department received so many complaints, his predecessor made the decision to cease sending postcards to individuals for verification of insurance, which was not the solution. Mr. Breslow said the postcard verbiage had been redesigned from a threatening tone to a polite inquiry and request for information, and mailing had resumed. He added that individuals could now also confirm their insurance coverage on the Department's website.

During the several-week period that postcards were not being sent out, Mr. Breslow said the Department noted there was not a correlating drop in revenue, which was puzzling. Further investigation revealed there was actually an overall decrease in revenue because individuals did not care that their registrations were suspended. They were driving on a suspended registration, and they would rather pay the \$250 fine right before the deadline to reregister than pay an insurance company \$600 to \$800 for the six-month period. A good number were getting insurance to register their vehicle at the window and then dropping their coverage; when caught, they paid the \$250 fine. Mr. Breslow said the fine was \$250 regardless of the number of times an individual was caught, even if the driver went without coverage for a lengthy period of time. There was no graduated penalty scale that would urge offenders toward compliance, and there was no increase in penalties for multiple infractions. Mr. Breslow said the problem was an enforcement nightmare.

Senator Parks recalled that regulatory fines had been increased in past legislative sessions, and he suggested graduated penalty fines for multiple infractions would be a greater incentive for owners to comply.

Mr. Breslow said some members of the Legislature wanted more leniency to give violators more time to get insurance, which would not remove uninsured motorists from the road. There was not enough law enforcement coverage,

either at the state or local level, to enforce the program. He said once NV LIVE was fully in effect in July 2011, the Department would have the capability to check records periodically.

Mr. Breslow pointed out the goal of NV LIVE was to reduce the number of uninsured drivers on the road, and once it was working, the revenue side would come down: there would be a lesser amount in the fines account in the future.

Senator Parks said he had a bill that could potentially be applied in this situation, and he would be happy to discuss it with Mr. Breslow.

Senator Parks asked for Mr. Breslow's prediction of revenue in the Verification of Insurance account. Mr. Breslow replied he hoped revenue would start to increase with restoration of the postcard program. It was projected there would be enough funds to support the account this year, but there would not be surplus funds to transfer to another division of DMV in the event of a budget shortage. He also noted there would not be a surplus balance that could be swept from the account to the General Fund as was projected several months ago.

Assemblyman Goicoechea affirmed that proof of insurance was being required for all transactions. Mr. Breslow replied proof of insurance was required at the counter when the vehicle was first registered. The group A companies could confirm coverage immediately; the group B companies would take longer. He said it would be helpful if insurance companies could be allowed to fax confirmation of insurance coverage to DMV as an acceptable form of proof of insurance. He had requested an opinion from the Office of the Attorney General (AG) because the law required an electronic verification, and he hoped that a fax from an insurance company would count as an electronic verification. He had not yet received a response from the AG.

Assemblyman Goicoechea asked whether proof of insurance was required when reregistering a vehicle. Ms. Bavaro replied when submitting a renewal, whether online or in person, a certificate of insurance would be required. The vehicle would be registered, but the Department would then verify that insurance coverage was in force. If there was no insurance, action would be taken at that time.

Assemblyman Goicoechea said the problem was one of the biggest complaints he received from his constituents. A number of residents in the rural counties had multiple vehicles, and they would be surprised when they went to a

DMV office to register and learned their registrations had been flagged for lack of insurance. In most cases, they claimed they had not received notice. He did not believe many of the people were skating; he thought it was often just a breakdown in the system. Assemblyman Goicoechea agreed that the situation would improve as of July 1, 2011.

Mr. Breslow replied the law mandated the process had to be better, and the Department was working with the insurance commissioner toward improving the process. However, ultimately the information was only as good as that provided by the insurance companies to DMV. Mr. Breslow said there was a segment of the population without insurance, and he had learned that some insurance companies would even backdate coverage and issue a new policy, which was not legal.

Chair Hogan asked Mr. Breslow whether he anticipated a decrease in staff to maintain the workload as the system improved. Mr. Breslow replied he hoped that all of the insurance companies would become group A companies, the DMV technicians at the windows could immediately verify insurance coverage, and there would be no corrupt data. He was hopeful that fewer staff would be needed for the insurance verification program, but there would always be a need for more staff at the windows. In addition, the existing staff could not keep up with the huge backlog in matching faulty data.

Assemblyman Goicoechea affirmed verification was immediate from group A companies and the decal would be issued by the kiosk. He was concerned that a decal would be issued without proper verification of insurance, and the Department would have to subsequently pursue the registrant.

Mr. Breslow indicated a group A company could still provide corrupted data. He said the Department had simplified the forms required from the insurance companies. The DMV IT section had reprogrammed NV LIVE to make it easier for the insurance companies, and regular meetings were held with the insurance industry in an effort to improve and simplify the process and reduce the amount of corrupt data.

Addressing another issue, Mr. Breslow said that up until four or five years before, sales tax was collected for third-party used car sales. A total of \$25 million was collected the last year of collections. A ballot question to exempt farm equipment, other agricultural equipment, and third-party car sales from the state sales tax was passed in the 2006 General Election. Mr. Breslow said he had brought the loss of revenue to the attention of the Governor's

Office and the Attorney General's Office. He suggested that reinstatement of the sales tax on third-party car sales would generate a substantial amount of revenue; he did not know what changes in the law would be necessary.

Senator Parks recalled the third-party car sales was a substantial issue relating to the sale of motor homes because it put the licensed motor home dealer at a disadvantage over individuals who were not fully licensed but were marketing and selling motor homes. Mr. Breslow added that all used car dealers were at a disadvantage as well.

DEPARTMENT OF MOTOR VEHICLES
DMV—FIELD SERVICES (201-4735)
BUDGET PAGE DMV-56

Bruce Breslow, Director, Department of Motor Vehicles (DMV), explained the Division of Field Services was comprised of 17 DMV offices throughout the state. He noted that current wait times at DMV offices were now available on the DMV website, and in the metropolitan areas, the public could choose the offices with the shorter wait. In addition, the Division of Tourism had an iPhone application, NVroads.mobi, which contained current road conditions and other information, including DMV office wait times. Mr. Breslow was hopeful the public would become informed and wait times would be decreased.

Deb Cook, Administrator, Administrative Services Division, Department of Motor Vehicles (DMV), explained the Field Services budget account represented funding for direct customer service operations for issuing driver's licenses and vehicle registrations. The account had 643 positions, 18 offices (including Carson City) statewide, and agreements with 7 assessors' offices to process vehicle registration renewals. She said the budget account was funded with Highway Fund appropriations, Governmental Services Tax commissions, and penalties.

Ms. Cook highlighted the Enhancement (E) units in the account:

- E250—Governor's recommendation for 30 new frontline window positions, which would be located in the busiest offices in the Las Vegas metropolitan area.
- E900—Transfer costs associated with the Systematic Alien Verification of Entitlements (SAVE) program from budget account 4746, REAL ID, to the Field Services account. The SAVE program verified the lawful status of

applicants and assisted the Department in verifying the expiration date of Department of Homeland Security documents.

Ms. Cook noted that equipment and computer replacement requests had been taken from the budget and placed in the Department's one-shot appropriation request.

Assemblyman Goicoechea asked whether the services available in the assessors' offices could be available online. He wondered what the advantages were of contracting with the assessors.

Mr. Breslow replied he had met with the current and former assessors in Eureka, and they had received some grant money to expand what they could offer. The Department would work with the assessor's office to train staff in driver's license and registration renewals. Expanding services would reduce the need for customers to drive to Elko and Ely. Mr. Breslow said the other assessors' offices had not been proactive in contacting the Department. He stated any function that was Web-based could be performed through the Internet.

Troy Dillard, Deputy Director, Department of Motor Vehicles, added that the assessors were currently limited by statute in the services they could provide, and legislation would be needed to allow expansion of services.

Assemblywoman Carlton commented that in listening to the discussion of the kiosks and Web-based enhancements, the Department appeared to be aggressive in the changes toward streamlining, and she questioned the need for 30 additional staff members.

Mr. Breslow replied the Department had lost 93 Field Services positions in the last biennium which, when coupled with furloughs and the fact there were DMV offices open on Saturdays, had made scheduling and staffing the windows a nightmare. The wait times had not been reduced because of the staff shortage and furlough program. Mr. Breslow said it was very difficult to cover an office six days a week when requiring the furloughs. He said the new positions were targeted for Las Vegas, which had the four busiest offices with the largest backlogs, and the slightest change in staffing would make a substantial difference in wait times. Mr. Breslow said the positions that were lost were vacant at the time and ultimately eliminated.

Assemblywoman Carlton affirmed none of the positions were supervisory; Mr. Breslow replied they would all be frontline employees.

Senator Rhoads remarked there was also a problem with the wait times when the DMV employee at the window received a phone call. Mr. Breslow asked Linda Vantilborg to address the matter from Las Vegas.

Linda Vantilborg, Regional Administrator, Department of Motor Vehicles, explained the small offices had only two to four employees, and they were required to provide customer service over the telephone. She said the alternative would be to shut off the phones in the small offices and have the calls routed through the main phone system, which would not be helpful to the customers in the rural areas.

Senator Parks asked Mr. Breslow to provide Fiscal staff with details concerning the proposed assignment of the 30 new positions.

Mr. Breslow remarked he liked the furlough program, but he stressed that furloughs were problematic for scheduling at the DMV. He requested that some leeway be granted to the agencies to provide flexibility in scheduling should the furlough program be continued the next biennium.

Senator Rhoads asked for an update on the program for registration and titling of off-road vehicles.

Mr. Dillard responded that in accordance with Senate Bill No. 294 of the 75th Session (2009), a revolving account had been created to assist the Department with start-up costs. Under the current structure, the Department had one year from the receipt of the funds to establish the program. He said it would be impossible to get the program started in that short period of time because outside programmers had to be hired to develop a new titling and registration program specifically for off-road vehicles. Mr. Dillard explained that because the account was to be funded by user fees, Highway Funds could not be used, which was the reason the initial start-up money was provided by Clark County. He said Senate Bill 130 had been introduced by the Senate Committee on Natural Resources on behalf of the Legislative Committee on Public Lands to extend the date and possibly address other related problems that had been discovered while contemplating the off-road vehicle program. He noted another revenue source could potentially be added as a result of some of the records that would be available in the program.

Mr. Breslow extended the Department's appreciation to the Subcommittee and the Fiscal staff, particularly Mark Krmpotic and Scott Edwards, who had been very professional and helpful in asking questions and providing guidance.

Chair Hogan thanked Mr. Breslow for his remarks, adding that Subcommittee members agreed with him concerning the outstanding Fiscal staff.

Chair Hogan adjourned the meeting at 10:22 a.m.

RESPECTFULLY SUBMITTED:

Sherie Silva
Committee Secretary

APPROVED BY:



Assemblyman Joseph M. Hogan, Chair

DATE: _____

Senator David R. Parks, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Public Safety/Natural Resources/Transportation

Date: February 24, 2011

Time of Meeting: 8:03 a.m.

Bill	Exhibit	Witness / Agency	Description
***	A		Agenda
***	B		Attendance Roster
	C	Troy Dillard, Department of Motor Vehicles	White Paper Involving Options for Transfer of Duties from the State Department of Agriculture to Department of Motor Vehicles