

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION**

**Seventy-sixth Session
April 28, 2011**

The Senate Committee on Transportation was called to order by Chair Shirley A. Breeden at 3:48 p.m. on Thursday, April 28, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Shirley A. Breeden, Chair
Senator Michael A. Schneider, Vice Chair
Senator John J. Lee
Senator Mark A. Manendo
Senator Dean A. Rhoads
Senator Mike McGinness
Senator Elizabeth Halseth

GUEST LEGISLATORS PRESENT:

Assemblyman Kelvin D. Atkinson, Assembly District No. 17
Assemblyman Randy Kirner, Assembly District No. 26

STAFF MEMBERS PRESENT:

Kelly Gregory, Policy Analyst
Bruce Daines, Counsel
Laura Adler, Committee Secretary

OTHERS PRESENT:

Gary Milliken, Association of General Contractors, Las Vegas Chapter;
Associated General Contractors of Nevada
Patrick Sanderson, Laborers International Union, Local No. 872, AFL-CIO
Peter Krueger, Emission Testers Council; Nevada Petroleum Marketers and
Convenience Store Association

Senate Committee on Transportation
April 28, 2011
Page 2

Thomas Crowley

Ralph Tyson

P. Michael Murphy, Clark County

Burel Schulz, Administrator, Division of Compliance Enforcement, Department of Motor Vehicles

Rhonda Bavaro, C.P.M., Administrator, Motor Carrier Division, Department of Motor Vehicles

Michael Geeser, California State Automobile Association, AAA Nevada

Brett J. Barratt, Commissioner of Insurance, Division of Insurance, Department of Business and Industry

Jesse Wadhams, Nevada Independent Insurance Agents

Jeanette K. Belz, Property Casualty Insurers Association of America

CHAIR BREEDEN:

We will open the meeting with Assembly Bill (A.B.) 152.

ASSEMBLY BILL 152 (1st Reprint): Creates an advisory committee to develop recommendations for the funding of highways in this State. (BDR S-180)

ASSEMBLYMAN KELVIN D. ATKINSON (Assembly District No. 17):

We presented this bill last Session, and it was vetoed by the Governor after we left session. Our transportation system impacts our quality of life. We must continue to make it a priority to invest in our transportation infrastructure to support our communities and increase economic activity throughout our State. Therefore, I am sponsoring A.B. 152 which creates an advisory committee to develop recommendations for increased funding for highways in Nevada. The advisory committee may submit their recommendations to the voters at the 2012 General Election for approval. I believe it is important to have the input of our citizens as we develop new types of funding for the State's transportation projects.

This measure proposes creating an advisory committee consisting of eight members. Three members are appointed by the Speaker of the Assembly, and three are appointed by the Majority Leader of the Senate. Not more than one member may be from the Assembly and not more than one member may be from the Senate. The remaining two members may be appointed by the Minority Leaders of the Assembly and the Senate.

Each session, this committee hears testimony from a variety of sources about the importance of increasing funding for and continuing investing in our State's highway system. State transportation revenues are still not keeping pace with the escalating construction costs. The Nevada Department of Transportation (NDOT) estimates that by 2017, there may be a cumulative shortfall of \$5.7 billion to fund necessary highway projects.

You may recall that last Session the legislature considered a bill I sponsored, A.B. No. 503 of the 75th Session, which was identical to A.B. 152.

That bill passed both houses and was sent to the Governor. However, the Governor vetoed A.B. No. 503 of the 75th Session, stating that the bill circumvents the legislative process by allowing a small group of nonelected officials to make recommendations that have major implications on taxpayers, and then present those recommendations to the voters. If such recommendations are to be submitted to the voters, they should be recommended from the Legislature as a whole.

However, I disagree with that assessment. This is not a new concept. In fact, it helps the legislative process. I will share an example I used last Session. The 2007 Legislature created an advisory committee known as the Washoe County School Construction and Revitalization Advisory Committee under the provisions of S.B. No. 154 of the 74th Session.

This advisory committee prepared recommendations for the imposition of taxes to fund capital projects for the Washoe County School District and required the board of county commissioners to impose those taxes only if the voters of the county approved the imposition of those taxes at the 2008 General Election.

The advisory committee met throughout the legislative interim to discuss a variety of taxes that could be used to fund capital projects in Washoe County. The advisory committee recommended the imposition of an additional one-quarter percent sales and use tax in Washoe County to begin July 1, 2009. The question was added to the 2008 General Election ballot in Washoe County. Ultimately, the voters opposed the ballot question. It lost 54 percent to 45 percent. Therefore, the Legislature listened to the public and did not go forward with the recommendations.

I urge you to let an advisory committee develop recommendations to fund transportation projects and allow voters to decide if and what types of funding streams should be used for the construction and maintenance of our highways.

As you heard, on the Assembly side we had a few things come up. In particular, some felt we should ultimately be making the decision, and I do not necessarily disagree with them. They also said voters should not be making the choice, and questioned whether they were intelligent enough to make those choices. I will point out, the voters chose every one of us, and I think they made good choices. I believe the voter should be involved, especially when talking about something of this magnitude, because our highway funding has plummeted. When we talk about education and health care and mental health, transportation continues to slide down the scale. We have to do something, and I am not saying A.B. 152 will heal all the transportation needs, but it is something we should be doing. This body voted in favor of it last Session, as did the Assembly. I am asking for the same.

SENATOR LEE:

I remember this bill from last Session. Did you discuss the recommendation of the members of the advisory committee? Would you want these members to be basic transportation people or maybe taxation? I do not know if the natural resources and such committees are what you wanted here. Also, was north and south representation considered? Did it come up as to how to make this a statewide thing? When you are in transportation year after year, you are quite knowledgeable about all the transportation issues. Did it come up at all about the quality of the Legislator, based on what the committees that person served on?

ASSEMBLYMAN ATKINSON:

Ironically, it did not come up this Session; it did last Session. That is one of the reasons we changed. I believe it was Senator Cegavske, last Session, who had that concern, because the majority leader and the speaker were the only two appointing people to this committee. There was concern, because last year was when both Houses changed, and they were both Democrats. There was concern there would not be equal representation if that happened. That is why we allowed in the bill for the minority leaders in both Houses also to pick a person.

SENATOR LEE:

That would handle the north and south issue. Did you think in the perfect committee you would want transportation people or taxation people?

ASSEMBLYMAN ATKINSON:

Absolutely. I would hope that is what they would consider while they are choosing them, and I would assume some of us would have some input in that.

SENATOR LEE:

Did you want to try to put that in A.B. 152 or just leave it up to them? It is a good bill. Would you want to tune it down a bit more to see what kind of person gets on the committee?

ASSEMBLYMAN ATKINSON:

I am not opposed to that. I would hope that is what they would do.

SENATOR LEE:

I will work with you on that.

SENATOR MCGINNESS:

I appreciate the member appointment by the minority leaders of both Houses. This time, there are two minority leaders from the north. It is possible that next time all the advisory committee members could be from Clark County. The bill says the members of the committee should reflect the geographic diversity of the State. Hopefully, that would be looked at, but there is no guarantee members would be from the rurals, Washoe County, Clark County and Carson City.

ASSEMBLYMAN ATKINSON:

I am not sure of the question. But if there is a majority leader, which in this case is from the Democratic Party the minority leader would be from the opposing party. Therefore, it would most likely have to come from the north. We can have that discussion to make sure it happens. I agree with you. That is why it was included the last time to make sure they were considered in the discussion.

VICE CHAIR SCHNEIDER:

I like this bill, because I harangued last week when we approved toll roads. It is like when we did not know they were building this bridge by the dam that would bring all the traffic through Boulder City. They were building that bridge

for eight years, and we did not know they were doing it nor whether there was going to be traffic there. We did not plan to build a bypass road, and we do not have any money set aside for it. I think this bill is absolutely the thing we have to do. Like you, I drive back and forth to California, and the traffic on Interstate Highway 15 (I-15) is unbelievable. If we do not add lanes and add a train, we will be in gridlock on I-15, which will stop our growth and economic thrust. I can say that 75 percent of the population is in Clark County, but 75 percent of road distance is north of Beatty. I think we do well in taking care of the rurals.

GARY MILLIKEN (Association of General Contractors, Las Vegas Chapter; Associated of General Contractors of Nevada):

Today, I am also speaking for the Associated General Contractors, Nevada Chapter. Both organizations support A.B. 152. It is important to keep up with current needs. We continue to talk about economic diversity, but until we improve our transportation systems, it makes that more difficult to do.

PATRICK SANDERSON (Laborers International Union, Local No. 872, AFL-CIO):

This is not a union or nonunion issue, it is a roads issue, and it is a common sense issue. We hope the Committee will help move this bill forward and give us jobs in the future and a safe way to get to and from wherever we are headed.

PETER KRUEGER (Nevada Petroleum Marketers and Convenience Store Association):

The Nevada Petroleum Marketers and Convenience Store Association sell the fuels, and I use the word "fuels" that we all use. We support A.B. 152. Whether it is a discussion about vehicle miles traveled, which is a forward thinking way of taxing fuels, or the alternative fuels we will one day be using, it is important that Nevada not only look forward on ways to tax, but the kinds of fuels we will be taxing. If we want all electric vehicles and are plugged in at home, then how would we pay for our roads? Those are the kinds of things that hopefully this panel will address, so we have the funds to pave, repave and maintain the many miles of highways and secondary roads in Nevada.

SENATOR LEE:

I liked this bill, but all of a sudden, when you three got up, I did not like it as much. Let me tell you why. All of a sudden, three highway contractors and three union people are on this board, and it is to their benefit to build roads. I would like to get this on the record that I do not think we can legislate this bill.

But, I would hope whoever picks people brings people to the board who have other responsibilities to the community, such as environmental. I am not looking for six road construction contractors on the board. Does that make sense, Mr. Krueger?

MR. KRUEGER:

Thank you for lumping me in with these gentlemen here. While I do represent subcontractors, today I am representing the men and women who sell the fuel and have the mechanism to tax the fuel, regardless of whatever that will be. I agree that some of the previous discussions with the proposer and the panel seemed to be moving along that way. It is your policy to determine, of course, but it does make more sense for north/south and urban/rural, and a good mix is what is needed.

SENATOR LEE:

I would like to work with Assemblyman Atkinson, because I know his heart is pure on this. I can see through to the details.

MR. SANDERSON:

I was born and raised in Nevada. I was not talking as a union person that would get a job. I am retired now. But for the safety of everyone in this State, we need highways. We need ways to fund them, and a safer and better way to do it. I do not look from one position; I am not pro one way or the other. I want safe roads on which to drive, and we need money to build them. When this advisory committee is put together, it will not be somebody from labor; it will be someone from the NDOT or the Regional Transportation Commissions who understands these things and moves forward. This is not a jobs bill; it is something for the safety of the residents of Nevada.

CHAIR BREEDEN:

We will close the hearing on A.B. 152 and open the hearing on A.B. 2.

ASSEMBLY BILL 2 (1st Reprint): Revises provisions relating to emissions testing for certain vehicles. (BDR 43-134)

ASSEMBLYMAN RANDY KIRNER (Assembly District No. 26):

I am here at the pleasure of Assemblywoman Marilyn K. Kirkpatrick, Assembly District No. 1, who is the sponsor of A.B. 2. We both had independent bills and then merged our bills into this one.

This bill is intended to exempt cars currently licensed as old timers, street rods, hot rods and classic vehicles from smog control. With the exemption, vehicle owners would pay a \$6 fee the first year, along with a special license plate. They would only qualify if the vehicles were driven less than 5,000 miles during the preceding year. In other western states, in particular, Arizona, these vehicles are exempted if built prior to 1966. In California, the exemption on gas-powered vehicles is prior to 1975, and there is no requirement to participate in the biennial smog check program. In Idaho, exemptions include classics over 30 years old. In Oregon, particularly in the Portland area, cars and trucks older than 1974 are exempt. In Utah, emissions certificates are not required for vehicles with model years 1967 or older. In the state of Washington, cars that are 25 years or older are exempt. This bill would put us in the same category as our neighbor states.

VICE CHAIR SCHNEIDER:

How old do the vehicles have to be?

ASSEMBLYMAN KIRNER:

These exemptions would be for cars registered in Nevada under one of four different categories. Old-timers are those manufactured more than 40 years ago. Street rods are models rated with a one ton carrying capacity or less, manufactured not later than 1948. Hot rods are models rated 20 to 62 years old, manufactured between 1949 and 1991. Classic vehicles are at least 25 years old, manufactured before 1986.

VICE CHAIR SCHNEIDER:

On the Assembly side, did anybody question about having one number instead of bouncing it around the different years?

ASSEMBLYMAN KIRNER:

We tried to keep it with the Department of Motor Vehicles (DMV) categories in terms of special plates. Doing that would vary depending on the category of the car. That was our benchmark.

THOMAS CROWLEY:

Initially, when I looked at A.B. 2, I thought this is the greatest thing that could be done for the hot rod and classic car industry. As I studied the bill more, I began to have problems with it. Mainly, it is attaching people who are involved in this hobby with an extra fee. To some of us, this represents nothing more

than a hidden tax on these cars. Mainly, the tax is a special license plate fee of \$35 and a renewal of \$10. We are already paying for these cars to be licensed, and many of us have vanity plates, adding more money to the price of licensing the car. It is a great idea that these cars would not be smogged, because if that was done, it would kill the industry and kill our cars.

My classic cars are a 1968 Dodge RT Charger and 1968 Chevrolet SS Chevelle. If I had to smog them, I could not run the cars. I could smog the Charger and bring it back to 1968 standards. Any newer standards would be rough. As far as the dates of these cars, you are liberal on them. The mileage allowance of 5,000 miles a year is more than adequate for most of these cars, because most of these cars are valuable and are usually not run more than 2,000 miles a year. I do not see any reason even to think about smogging these cars. The classic car died in 1974 with the oil embargo. Anything older than that would be considered a classic car. Anything newer, from 1974 on, should have smog equipment on the car anyway, as Detroit built them for California. The added burden of extra money for classic cars should be a moot point. Do not smog them, and add extra money for that or for the license plates. We are proud of our vanity plates. My Chevelle's plate is "HEY JUDE" and my Charger's plate is "RT 1968." We do pay extra money to get these vanity plates. If you go to the auto exhibit outside this building today and look at the plates, you would find that over half the cars have vanity plates, so that extra income is coming into State coffers.

Another thing I disagree with in A.B. 2 has to do with an engine swap. There are places supplying replacement engines called "crate motors" that are almost a direct swap for the original engines in these classic cars. I am thinking of pulling the "matching number 396 motor" out of my Chevelle and putting in a crate motor. If I read the bill right, the smog requirements are for a new engine, and that would be a difficult item to do on an engine swap from a 1968 to a 2011 engine.

RALPH TYSON:

I have lived in Washoe County since 1959. When the smog system was first started, I did not agree with it. It was discriminating to begin with, as there are parts of Washoe County that do not need to be smogged if they are in rural areas. There are thousands of people driving into Reno from outlying areas such as Fernley, Carson City and other communities who need no smog check on their vehicles. I live out by the Pyramid Highway, and some mornings when

I drive into Reno, it is nasty looking. Many times when I come over the hill into Carson City, the air is thick. Carson City has as many smog problems as we do, yet they do not have to get their cars smogged.

The only vehicle I have that falls under this classification is a 1969 International Scout 4-wheel drive. I used to drive the car to work, on vacations and to go fishing and hunting. I retired the vehicle from everyday use about 20 years ago. When I got the classic plate, I had to take the Scout for a smog check and it passed. I now pay the extra fees of \$35 and \$10 every year. Now this bill is asking us to pay another \$6 and maybe two years from now it will be \$10, \$20 or \$50; who knows how far that will go. To me, that is an unnecessary hidden tax. We are not getting anything for that extra \$6. Smog dates on vehicles are fine.

A lot of the vehicles on display today are totally stock and have never been smogged, and the engines were never built for smog. I had a 1971 Chevrolet Nova for 35 years with over 300,000 miles that was manufactured for Nevada. Every year it was smog tested and passed every time with nothing done to the motor. To smog some of these vehicles is absolutely ludicrous, as far as I am concerned. I have a motor home that is driven less than 3,000 miles every year, yet I have to pay to get it smog checked. In my estimation, the smog thing should have been done statewide.

VICE CHAIR SCHNEIDER:

I think you are right. In Clark County everything is smogged, and they do not have air containment down there.

MR. TYSON:

The main thing about this bill is the extra fee we are being charged that is for nothing. I already pay to keep my vehicle smog free, and that should be sufficient.

SENATOR LEE:

I can see that this bill could be made better with an amendment. Do you guys check the tire air pressure of your vehicles often?

MR. TYSON:

I check my classic cars every time I put them on the street. I check my everyday car monthly.

ASSEMBLYMAN KIRNER:

There may be some confusion regarding the fees. It is a one-time \$6 fee. It is not annual or renewal. The purpose of the fee is to avoid any type of fiscal impact on the State. We felt that was appropriate. The \$35 is the normal fee for the issuance of the old-timer, street rod, hot rod and classic vehicle plates. Then the \$10 is for the sticker.

VICE CHAIR SCHNEIDER:

I think what the Assemblyman is saying is those are the fees right now on an old car past a number of years. If he takes away the money in the crunch we are in, then the bill will go to the Senate Committee on Finance and die. Is that correct?

ASSEMBLYMAN KIRNER:

Yes, and there will be annual smog requirements.

VICE CHAIR SCHNEIDER:

What he is trying to do is "Pac Man" this bill, where he is biting at the smog to get rid of that. Then next session or two sessions from now when the economy is better, the fee can be reduced. If he reduces the fee now, then the State is out thousands or tens of thousands of dollars. The State would not allow that to happen right now because we are so short of money. I have an old car and understand what you are attempting to do.

PETER KRUEGER (Emission Testers Council):

This time I am representing the Emission Testers Council, the men and women who actually perform these much maligned, but necessary and important emission tests in Nevada. We support A.B. 2 and the proposed amendment by Clark County ([Exhibit C](#)). We would agree with you that additional relief in the coming years for these types of vehicles is forthcoming.

P. MICHAEL MURPHY (Clark County):

Clark County supports A.B. 2. We worked closely with Chair Breeden and Assemblywoman Kirkpatrick to serve as many of the different interests as possible. One of those interests is the Clark County Department of Air Quality Control, often referred to as DAQCON. They were concerned about the particulate matter and the ozone issues. As Vice Chair Schneider stated, in Clark County, we are always on the edge of compliance. Each year the federal government squeezes us a little tighter to remedy our compliance issues.

Because of that, there is always a concern when we look at the possibility of not smogging vehicles. In this instance, we believe the desire of those who sponsored this bill is a good thing. It is not about doing away with our American heritage in reference to automobiles. It is about making sure we continue to have appropriate air quality in the valley.

With that, we worked on an amendment with Assemblywoman Kirkpatrick. It is a friendly amendment, and she indicated she was good with it. At the end of each section, the amendment says, "Prior to obtaining a special license plate, vehicles subject to emissions testing pursuant to *Nevada Revised Statute* (NRS) 445B.770 shall wait a period of ninety (90) calendar days following a failed emissions test." This is a balancing act to make sure we make this change appropriately and at the same time accomplish the goals.

How we came to this conclusion was that people who have classic vehicles know they are classic vehicles when they purchase them. They would go straight to DMV to obtain a classic plate and not have to have a smog, and that is the end of it. Our concern through DAQCON is there may be some individuals who purchase a vehicle that in their mind is not a classic, but a junker, and try to use the classic plate concept as a way to dodge the smog and not fix the vehicle. They would not find out they fall under the classic classification until they went to a smog station, failed, then someone said, "Gee, did you know you fall under a classic car classification? Instead of messing with us, go to DMV and register your car." This is why DAQCON came up with this compromise of having to wait 90 days before registering the car, if it tested and failed. The owners are not required to test. The goal was to get the old cars that people are refusing to fix. The vehicles are not being restored, are not "classic," and dodge the system. We are putting an extra stopgap there, so the vehicle owner would have an opportunity to fix the car. We thought during that 90-day period, if the car failed, they would make an effort to bring the car into compliance at least once for the smog, and serve the multiple masters.

SENATOR LEE:

You mentioned smog-dodgers and that is an interesting concept. I have heard of people who go to Pahrump to license their cars then come back into Clark County. In Pahrump, a vehicle does not need to be smogged. All someone has to do is get a post office box in Pahrump. Do you know if that is true or false?

MR. MURPHY:

I do not know if everybody knew it until now. You are correct that people do that. I do not want to speak for Assemblywoman Kirkpatrick, but I think that was one of the things the classic car people brought forward, when they said they would like to have an increase in mileage and not have to cheat to do what they want to do, which is to have classic cars without worrying whether they meet smog. Many of these classic car owners spend more time tuning and tinkering on their cars than somebody who owns a new car. You will find these classic cars to be in excellent shape, but they may not meet today's smog standards. People do go to Mesquite, and I know because I was the former police chief of Mesquite. We had a DMV, and I am confident people would do that. Before there was a DMV office in Mesquite, people would drive to Pioche or Caliente.

SENATOR LEE:

Is there any way we could fix that? Our air quality in southern Nevada is always at the containment levels and cannot grow out to the next ring if we are not in containment in the present ring.

MR. MURPHY:

I believe that is a question DMV may want to answer in reference to tagging something about fraudulently registering a vehicle outside of a county. I think some of it may be addressed by A.B. 2 from the concept that it will not force people to go someplace else. They will feel comfortable about staying. I know, in previous testimony in the Assembly, there were people who said they had a classic car and had intentionally gone to the length of registering the vehicle outside the area so they do not have to smog the car. One of the reasons for this bill is that we are making people be creative. The goal is to have people do what they need to do, but do it legally.

VICE CHAIR SCHNEIDER:

Senator Lee, the classic car gentleman mentioned that vehicles in the State should be smogged, and that eliminates the problem.

BUREL SCHULZ (Administrator, Division of Compliance Enforcement, Department of Motor Vehicles):

We did submit an amendment that removes an entire class of vehicles—street rods—which were not required to be emission tested. It is a clean-up. We thought including them would confuse the issue.

Senate Committee on Transportation
April 28, 2011
Page 14

CHAIR BREEDEN:

Why was this amendment not submitted in the Assembly?

MR. SCHULZ:

We just noticed it after reading the bill. Also, the amendment suggests they refer to NRS 445B.830 for the fees, rather than say \$6, because it could be changed by another law, and this avoids changing it each time.

CHAIR BREEDEN:

Did you speak to the sponsor of the bill?

MR. SCHULZ:

I did not.

ASSEMBLYMAN KIRNER:

Assemblywoman Kirkpatrick asked me to let the Committee know that she intends to add me as a cosponsor of A.B. 2. This discussion on the amendment has not occurred with me, and I cannot say whether it occurred with Assemblywoman Kirkpatrick or not.

MR. SCHULZ:

As to the Pahrump address issue, we have a team looking at software to address what we call "the evaders." Today, we arrested and ticketed three people on that issue, and will continue to do so.

CHAIR BREEDEN:

We will close the hearing on A.B. 2. This way, Assemblyman Kirner and Assemblywoman Kirkpatrick will have a chance to speak with DMV and then get back to me.

We will open the hearing on A.B. 26.

ASSEMBLY BILL 26 (1st Reprint): Revises provisions to clarify that motor vehicle liability policies must be written specifically for Nevada. (BDR 43-488)

RHONDA BAVARO, C.P.M. (Administrator, Motor Carrier Division, Department of Motor Vehicles):

As outlined in my written testimony ([Exhibit D](#)), the intent is to add language to NRS Chapter 485 to provide clarity that the vehicle liability insurance must be written specifically by a Nevada licensed agent on behalf of an insurance company licensed to do business in Nevada. Existing language in NRS 485.185 mandates that a registered owner must maintain insurance liability coverage by an insurance company licensed by the Division of Insurance. However, residents are often unaware the insurance must be written by a company specifically licensed to do business in Nevada. When people come to a DMV counter for the first time, we require they bring proof of insurance. At that time, the DMV counter technician will verify it is the proper insurance. Sometimes, people will later get coverage from a different insurer not licensed in Nevada. For instance, a California insurance certificate would not meet the requirements of statute and be subject to vehicle suspension and a reinstatement fee of \$250.

This DMV-requested bill provides clarity in statute to add language that an insurance company has to be a Nevada licensed insurance company. Our insurance verification program can only verify Nevada insurance, and the insurance company can only verify back to DMV for Nevada license policies. Other states may not have the minimum liability insurance coverage, so they cannot verify they are meeting this requirement. Additionally, the insurance policies written in Nevada are subject to the Nevada insurance premium tax collected by the Department of Taxation.

CHAIR BREEDEN:

Did I understand that if people move to Nevada from another state and register their vehicle but do not have Nevada insurance, you suspend the registration?

Ms. BAVARO:

The first time residents come to DMV to register the vehicle, we look at the certificate of insurance. If it was not Nevada insurance, we would tell them they could not register today, and they would have to get Nevada insurance. We would not register the vehicle then suspend it; we would notify them at that time. This bill addresses those people who, after a month or two, get insurance, and if it was not motor vehicle liability insurance meeting Nevada's insurance requirements, then they would be subject to the registration suspension.

CHAIR BREEDEN:

How do you notify those people? Do you notify them by mail?

MS. BAVARO:

We would go through our insurance verification electronic system, and if we could not verify insurance, then they would be sent a postcard saying DMV is unable to identify the insurance coverage; can you provide that insurance information to DMV? Once the insurance information is provided, we would verify it with the insurance company.

CHAIR BREEDEN:

What is the time frame, the grace period, to do that?

MS. BAVARO:

With the postcard they have ten days to respond, and with mailing, they have an additional five days. Then we would send a postcard saying DMV was unable to verify the insurance and asking them to provide more information by a certain date or be suspended. The total cycle is 62 days from the time of notification that the DMV is unable to verify insurance to the time we would take action.

MICHAEL GEESER (California State Automobile Association, AAA Nevada):

We support A.B. 26. We think this is good for consumers, motorists and your constituents who, in the past, were unaware they had to have Nevada-based insurance. This applies especially when people moved from another state and were with a national insurer and believed they were insured. What Ms. Bavaro said would help this process. When new arrivals to Nevada go to the DMV to register the vehicle, the DMV now asks if they have Nevada-based insurance. If they do not provide that card received when renewing insurance or getting a policy, they are sent to a Nevada-based office to get insurance, thereby alleviating the \$250 fine. We were inundated over the past few years with calls from people who genuinely thought they were insured and technically they were not.

SENATOR MCGINNESS:

I move from out of state to Nevada, and go to a DMV office to register my car the first time. Can I do that at a kiosk?

MR. GEESER:

As I understand, the first time for registration you have to go to the DMV. Subsequently, you can go to a kiosk.

SENATOR MCGINNESS:

I want to make sure there is adequate notification for the first-time registrants or for somebody who moves in from out of state, so it does not look like we are somehow trapping them.

MS. BAVARO:

The first time someone moves to Nevada with the vehicle, the registrant would be required to come in person to DMV to register the vehicle.

SENATOR MCGINNESS:

While watching TV, we see all these ads for auto insurance. Are those insurers licensed in Nevada?

BRETT J. BARRATT (Commissioner of Insurance, Division of Insurance, Department of Business and Industry):

Most of the national insurers, as seen on TV, are licensed in Nevada. There are some regional carriers licensed in Nevada, Arizona, New Mexico and such. Those are specialized carriers and may offer things like 30-day policies.

CHAIR BREEDEN:

When someone moves to Nevada and drives for six months, then the registration is due. That is when the person comes to the DMV. I know you are not enforcement, so you do not have any control over that, or do you?

MS. BAVARO:

By statute, the registrant has 60 days to register the vehicle. We do not require proof of when they became a resident. But if it was found out, then they would be subject to a fine through our compliance enforcement.

CHAIR BREEDEN:

If a person just moved here and does not know, then how does someone know of the 60-day requirement?

MS. BAVARO:

The DMV Website lists all the requirements for new residents on when to obtain a driver's license and obtain the vehicle registration.

MR. BARRATT:

I generally support A.B. 26. It is important to remove confusion for our citizens to be in compliance with Nevada. Our residents do need a Nevada specific vehicle insurance policy complying with requirements in Nevada law.

JESSE WADHAMS (Nevada Independent Insurance Agents):

We have submitted a proposed amendment ([Exhibit E](#)). Section 1 of the amendment adds back a couple of words, " ... is provided by a duly appointed producer of casualty insurance" The Assembly Committee on Transportation took out those words. Only duly appointed producers can bind an insurer, and that was my mistake.

CHAIR BREEDEN:

The Assembly took it out?

MR. WADHAMS:

Yes. Based on an amendment I put in. It was my mistake.

We will move on to section 2 which is a proposal with which some of you may be familiar from discussions in the Senate Committee on Commerce, Labor and Energy on an earlier bill about Nevada LIVE, a DMV insurance verification program of individual and fleet vehicles. We were not able to come to a consensus because of language and a massive fiscal note. What this proposed amendment to A.B. 26 would do is set up a fail-safe. In the event of a mismatch on a fleet vehicle, it could be verified by a producer of insurance submitting a notarized form of the schedule of vehicles in that fleet.

We are doing this in terms of Nevada LIVE because of an issue that has developed, especially with fleet vehicles. For some reason, and this could be on both sides of DMV and the insurers, the data sets do not often match. There is miscommunication. When fleets mismatch, there is usually a group master policy stating a number of different vehicles are covered by a single policy. We propose that rather than taking them out of the verification, as we proposed in a different bill, this would add a mechanism as a backup verification. We would continue to work with DMV to develop language in that fashion.

CHAIR BREEDEN:

Have you already spoken to DMV?

MR. WADHAMS:

We have been speaking continuously and have come up with a couple of creative solutions. This proposed amendment would codify at least one of our ideas.

MS. BAVARO:

I only saw this proposed amendment before this hearing and spoke briefly on it. We have some concerns but have not had time to do a concise analysis of the impact. Looking at it briefly, it will impact DMV's system because it will require a manual process for our employees. The DMV's goal is to go to electronic verification. As Mr. Wadhams said, we have been working on solutions to the problems we have been having with fleets. In the process, the DMV developed an affidavit that can be used to verify insurance that the agent can use and facsimile to the DMV. I believe part of that process might help with some of his issues here.

The insurer would have to verify vehicles specifically on this affidavit. They would not be able just to give us a schedule of fleets. There could be a hundred to a thousand vehicles on the list. We would have to look through all of those vehicles to find the vehicle identification number in question, because our insurance verification program is vehicle specific. When we go out to verify, we are specifically looking for one vehicle, so we would be able to take that schedule. We did loosen the elements on which we can verify insurance. There are several elements DMV sends to the insurance companies with which to match insurance coverage. They could choose to use one or all of the elements DMV sends them. We are not in favor of this proposed amendment as it is written. We could change some language as far as the affidavit, but we do have concerns with the schedule of fleets.

JEANETTE K. BELZ (Property Casualty Insurers Association of America):

Unfortunately, my client already wrote their letter of support ([Exhibit F](#)) as if the bill had already been amended. I want to clarify that Property Casualty Insurers Association of America's support is for Mr. Wadhams' proposed amendment. As stated earlier, commercial fleet policies are often a large number of vehicles under one master policy with one number. Imagine when a large customer has a mismatch; DMV thinks the insurer is doing something wrong.

Senate Committee on Transportation
April 28, 2011
Page 20

We also promoted the idea of eliminating insurance verification through Nevada LIVE and are surprised by the large fiscal note DMV put on the bill. We are frustrated by the fact that commercial vehicles sometimes come up as uninsured. It is difficult, because of that matching, so we are in support of Mr. Wadhams' proposed amendment.

MR. BARRATT:

I support Mr. Wadhams' first amendment. The duly appointed language was language we asked him to include. As for the second proposed amendment, that is not our area and the Division of Insurance is neutral on it.

CHAIR BREEDEN:

We will close the hearing on A.B. 26. The Senate Committee on Transportation is adjourned at 4:57 p.m.

RESPECTFULLY SUBMITTED:

Laura Adler,
Committee Secretary

APPROVED BY:

Senator Shirley A. Breeden, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 2	C	Peter Krueger	Proposed Amendment by Clark County
A.B. 26	D	Rhonda Bavaro	Written Testimony
A.B. 26	E	Jesse Wadhams	Proposed Amendment
A.B. 26	F	Jeanette K. Belz	Property Casualty Insurers Association of America – Letter of Support for Proposed Amendment