# MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION

# Seventy-Seventh Session April 10, 2013

The Senate Committee on Transportation was called to order by Chair Mark A. Manendo at 8:03 a.m. on Wednesday, April 10, 2013, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. <a href="Exhibit A">Exhibit A</a> is the Agenda. <a href="Exhibit B">Exhibit B</a> is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

# **COMMITTEE MEMBERS PRESENT:**

Senator Mark A. Manendo, Chair Senator Kelvin Atkinson, Vice Chair Senator Pat Spearman Senator Joseph P. Hardy Senator Donald G. Gustavson

# **GUEST LEGISLATORS PRESENT:**

Senator Greg Brower, Senatorial District No. 15 Senator Moises (Mo) Denis, Senatorial District No. 2 Senator Pete Goicoechea, Senatorial District No. 19 Senator James A. Settelmeyer, Senatorial District No. 17

# **STAFF MEMBERS PRESENT:**

Jered McDonald, Policy Analyst Darcy Johnson, Counsel Melodie Swan-Fisher, Committee Secretary

# **OTHERS PRESENT:**

Lee McGrath, Institute for Justice A.R. (Bob) Fairman Donald L. Drake John Townes, London Limousines of Reno Tina Brodrick

D. Neal Tomlinson, Regulatory Counsel, Frias Transportation Management

Marc Gordon, Yellow Checker Star Transportation

Lee Haney, Livery Operators Association of Las Vegas

Mike Sullivan, Whittlesea Bell Transportation

David Goldwater, Desert Cab; On Demand Sedan & Limousine

Timothy Sandefur, Pacific Legal Foundation

Andrew J. MacKay, Chair, Nevada Transportation Authority, Department of Business and Industry

Paula Penrod

Erin Breen, Director, Safe Community Partnership Program, University of Nevada, Las Vegas

Mike Draper, DesertXpress Enterprises, LLC

Bob Compan, Farmers Insurance Group, Inc.

Joe Guild, State Farm Insurance Company

Josh Griffin, AAA for Northern California, Nevada and Utah

Paul J. Enos, CEO, Nevada Trucking Association

Randall Bondy, Cal-Neva Transport & Tow, Inc.

#### Chair Manendo:

I open the meeting with Senate Bill (S.B.) 190.

**SENATE BILL 190**: Revises provisions relating to motor carriers. (BDR 58-585)

# Senator Donald G. Gustavson (Senatorial District No. 14):

I will read my testimony (<u>Exhibit C</u>). In my testimony, I refer to a packet (<u>Exhibit D</u>) with details about A.B. No. 366 of the 69th Session and articles regarding obtaining certificates of public convenience and necessity (CPCNs).

#### Lee McGrath (Institute for Justice):

I am in favor of <u>S.B. 190</u>. I have submitted written testimony (<u>Exhibit E</u>) which I will summarize. The Institute for Justice supports this legislation for three reasons. First, it is modest, narrow and incremental. It would eliminate an anticompetitive feature of the transportation regulation regime in Nevada, but it would not affect current or future health and safety regulations. It proposes retaining the power of the regulators and the Legislature to enforce and enact fit, willing and able tests. Second, it would build upon what the federal government did 30 years ago and what other states are doing at present. Third, S.B. 190 would result in the creation of jobs.

The Institute for Justice is a public interest law firm headquartered in Arlington, Virginia. It has state chapters across the Country and runs clinics on entrepreneurship at the University of Chicago Law School. Over the past 20 years, the Institute has engaged in 60 cases relating to economic liberty. We have challenged anticompetitive regulations that are often enacted under the pretext that they would protect consumers. We lobbied and litigated cases involving aspiring owners of limousine companies in Las Vegas, Nashville and Portland, dollar vans in New York City, taxis in Denver, Cincinnati, Indianapolis, Minneapolis and Milwaukee, ferries in Washington State and household-goods movers in Minnesota. In all of these challenges, the Institute has addressed and challenged regulations that had little to do with protecting consumers from fraud and incompetence and a great deal to do with protecting well-established companies from new entrants and new competitors.

The provisions in <u>S.B. 190</u> are narrow and incremental. The bill would change the process, but not the substance of Nevada's law. It would change how new entrants would apply for permits or licenses. It would not change any of the substantive law regarding consumer protection, and it would not tie the hands of Legislators or regulators from enacting new laws or new rules when needed for consumers' protection. It cannot be said this is a deregulation bill. Its provisions do not aspire to a free-market Utopia, and it is not ideological. <u>Senate Bill 190</u> addresses process, not substance. It is not unusual. Your counterparts in Oregon, Missouri and Minnesota have enacted similar bills repealing the public convenience and necessity test, repealing certificate requirements based on such criteria in the household goods-moving industry as they relate to in-state movers of household goods.

The public convenience and necessity test is bad public policy. It is an anachronism based on the concept of destructive competition. At the federal government level, we have seen a complete switch from this nineteenth century idea that was reinforced during the 1930s. Those at the federal level have embraced the ideal that competition is beneficial to consumers. One need only look at the work of the Federal Trade Commission (FTC) as it relates to things like software or, more relevant here, airlines. Every time airline companies attempt to merge, the FTC puts out reports indicating less competition hurts competitors.

The origin of the public convenience and necessity standard reveals how anachronistic it is. The precept was first enacted in the 1880s by the federal

government to protect large investors in the railroads the government wanted built from the Midwest to the West Coast. These investments were particularly capital-intensive in an era when banking was less sophisticated than it is today. By contrast, today, this type of test is no longer relevant because of the larger number of sophisticated capital markets and, more importantly for Nevada, the effects of such tests on industries that do not need significant amounts of capital. These industries do not need nearly the amount of capital needed to build railroads 1,000 miles and 2,000 miles from the Midwest to the West Coast. The repeal of the public convenience and necessity standard is a bipartisan project. The Nixon, Ford and Carter administrations were all active in leading in the removal of these types of caps and application processes as they relate to the railroad industry, the interstate trucking industry and the airline industry.

Senate Bill 190 is a jobs bill. I have worked with the City of Minneapolis to repeal the public convenience and necessity test as it relates to taxicabs and the removal of the cap. In 2006, there were 343 taxicabs licensed to serve the people of Minneapolis. The City Council of Minneapolis realized the number had been fixed for over 10 years. They repealed the test and lifted the cap on a phased-in basis. As a result, 6 years later, the number of taxicabs has increased by over 500 taxicabs to 862 taxicabs. The second number is significant in terms of the new jobs it represents. It is also revealing in that the opponents to this type of change in the application process claimed, in 2006, that there were enough taxicabs in Minneapolis and the market was saturated. I urge the Committee to support this important piece of legislation. It is a process bill that creates economic opportunity, jobs and the type of liberty that is at the heart of entrepreneurs pursuing the American Dream.

# A.R. (Bob) Fairman:

I will read my written testimony (Exhibit F).

# Donald L. Drake:

I am retired after having worked 40 years in the taxicab industry. In 1919, the Nevada Legislature established the Nevada Railroad Commission and defined policy. The policy has not changed in 94 years. There have been many technological advances since then. We have computers and cellular phones now. I am advocating the passage of <u>S.B. 190</u> because it would eliminate the stagnation and complacency in the taxicab industry in Nevada.

## **Senator Hardy:**

Please expound on what you mean by stagnation and complacency.

#### Mr. Drake:

Here are examples of stagnation and complacency: Though computers are now commonplace in business and industry, computers are not used to dispatch taxicabs. Cellular phone applications are not being used to locate available cabs.

#### Senator Gustavson:

Mr. Drake, did you operate under the Nevada Transportation Authority (NTA) during your 40 years in the taxi business?

#### Mr. Drake:

Yes, I did. I operated under the Public Service Commission of Nevada and then the Public Utilities Commission of Nevada (PUCN). The NTA then broke away from the PUCN.

## Senator Gustavson:

Do you think there is a need for more taxicab businesses, tow businesses and moving businesses? Do you feel people have been denied the privilege of opening such businesses?

#### Mr. Drake:

I believe there should be some freedom to go into business, yes.

# Senator Hardy:

I am trying to understand all this. I am not sure how many people are indicated when the word "oligopoly" is used (Exhibit C). Let us consider moving companies. How many moving companies are there? How many moving companies have been denied CPCNs? How many moving companies have been discouraged from getting CPCNs? Will others address some of these questions and concerns in this meeting?

#### Mr. Drake:

I believe others will address some of your questions, Senator Hardy. I am just addressing issues relating to the taxicab industry.

## Senator Hardy:

Do you know how many potential taxicab companies have been discouraged from applying for CPCNs or denied CPCNs? How many have been awarded CPCNs? How big does a potential company have to be to prove necessity and convenience?

# Mr. Drake:

To my knowledge, there have been three applications over the last 10 years. None of them has been successful.

# **Senator Hardy:**

Is it safe to say we have the same number of taxicab companies we had over 10 years ago?

#### Mr. Drake:

Yes. I am referring to the number of taxicab companies in northern Nevada. In southern Nevada, I understand there has been one taxicab application that was accepted. I cannot speak to the details, however.

#### **Senator Hardy:**

It sounds as if there has been a little growth in the taxicab industry in the last 10 years, but we have not added any companies. Do you know how many taxicabs have been added to existing companies that we assume are part of the oligopoly?

#### Mr. Drake:

When I retired, my company had 235 taxicabs. My guess is there are 100 taxicabs in each of the two companies in northern Nevada, specifically, the Reno area.

# **Senator Hardy:**

When did you retire?

#### Mr. Drake:

I retired in 2001.

# Senator Hardy:

It sounds as if there have not been any taxicab companies or taxicabs added in the last 12 years, if not longer.

## John Townes (London Limousines of Reno):

I support <u>S.B. 190</u>. I own London Limousines of Reno. It is an S corporation registered in Nevada, and I have been in business here for 8 years. I have been in the industry for 20 years, previously in London, England. My testimony is about my experiences applying for a CPCN. It took me 18 months to get my CPCN. I had invested approximately \$30,000 in the business before it was approved. Before I got my CPCN, I had to invest another \$15,000. I had a total investment of \$45,000, and I had one limousine. The ratio is puzzling, in my opinion.

One of the problems I had was that I was allowed to have only three vehicles. In order to have my third vehicle, I was told I needed to present a new business plan. At the moment, I have two vehicles. I have a plan to increase to three. I was told I would have to go through a process, but that the process is going to be easier now. That is yet to be seen.

It seems unfair that certain operators have privileges I do not. Some of the bigger companies grandfathered into the CPCN system before the new regulations went into effect do not have a limit on the number of vehicles they can operate. They can add vehicles to their fleets. New operators, such as the owners of Reno-Tahoe Limousine and my company, are not afforded the same privilege. The operators of Reno-Tahoe Limousine are trying to add to their fleet but are encountering this restriction. I think they are licensed for nine vehicles.

It seems the large operators, who have been grandfathered in, can object to an increase in the fleets of those of us who obtained licenses after the new regulations went into effect. To me, this is anticompetitive.

The enforcement of regulations seems to be lax. There are illegal operators in the Reno area. Two companies that have federal licenses, not CPCNs, operate in Nevada on interstate charters. This is illegal. They have been operating in Nevada for several years. They have three vehicles in each fleet, and we know they are operating in violation. The NTA does not seem capable of stopping them. I understand the reasoning behind it is they do not have enough staff. The NTA has to regulate taxicabs and limousines, household movers and recovery vehicles for the entire State except Clark County. They have one person enforcing the rules, and I understand a second person is about to begin working for them. It does not make sense to have only two people to handle the volume necessary under the regulations.

Most of my business is between northern Lake Tahoe and the Reno-Tahoe International Airport. I see companies operating from Incline Village, my main catchment area. They are not licensed to operate, and no one seems to be doing anything about it. The two companies with federal licenses are not the only ones operating in violation. Taxi companies registered in California and shuttle operators are also operating in violation. My business has decreased significantly since these operators began doing business in the area.

#### Tina Brodrick:

I will read and explain my written testimony (Exhibit G).

#### Senator Gustavson:

Why did you withdraw your application? How much money did you invest in the course of your application to the NTA?

# Ms. Brodrick:

My operation was a microbusiness, and part of my income supported my family. I spent \$1,200. I had already provided information to the Authority. When someone from the NTA asked me for the same information again, along with items I considered unreasonable, I decided to withdraw my application.

### Senator Gustavson:

Mr. Townes, what hurdles did you encounter in the process of trying to obtain CPCNs for more limousines? Have you abandoned that effort?

#### Mr. Townes:

I am still in the process of trying to obtain the additional CPCNs. I understand the rules are going to be changed in my case. The original CPCN I received allowed me a maximum of three vehicles—two initially, and one I would be eligible to add after submitting an application and a new business plan.

# **Senator Gustavson:**

Mr. Townes, is there enough business to allow for an increase in your business? Are you turning away business?

# Mr. Townes:

No, I cannot say that. I will be able to add another vehicle depending on additional business that will be coming into the area. California Corporation wants to expand into our area and conduct inclusive escorted tours. It is a large

corporation. Representatives from California Corporation have expressed a desire to have me transport customers from the airport to area destinations. I will not be able to accommodate them without another vehicle.

# **Senator Hardy:**

Mr. Townes and Ms. Brodrick, are you licensed to transport passengers to California? Can you, for example, transport passengers to the west side of Lake Tahoe? Have you applied for a CPCN in California? If so, how difficult was it to obtain?

# Mr. Townes:

Yes, I transport passengers to California. I am licensed with the federal authorities, which allows me to do interstate transports. When I cross state lines, however, I am authorized to go only to a certain point past them. Though I can transport to California, I am not authorized to operate within the state. I have not applied for a California CPCN. I have heard it is difficult to obtain a California CPCN, though not as difficult as it is to obtain one in Nevada.

#### Ms. Brodrick:

Most people who come to Nevada and stay in casinos and hotels want to see Nevada. They want to see the beauty of the rugged hillsides and the mountains. They want to learn about the State's history. On my tours, I provided information about Nevada's history.

Obtaining CPCNs in California and Nevada is cumbersome. I want to continue to operate in Nevada. I am not interested in entering the process of obtaining a CPCN to operate in California.

# **D. Neal Tomlinson (Regulatory Counsel, Frias Transportation Management):** Frias Transportation opposes S.B. 190.

Frias Transportation Management owns seven companies. They include Las Vegas Limousines and Airline Shuttle Corp, which are the largest limousine and shuttle operators at McCarran International Airport. Frias also owns Union Cab, Ace Cab, ANLV Cab, Virgin Valley Cab and Vegas Western Cab. The company employs approximately 2,200 persons in Clark County.

Approximately 9 years ago, Charles Frias, the owner of Frias, expressed an interest in retaining me as counsel. He knew of my background in administrative

law because of my work with the PUCN. I did not know much about taxicabs, however. Mr. Frias told me I needed to become familiar with *Nevada Revised Statutes* (NRS) 706.151, 706.391 and 706.8827. He impressed upon me the importance of these statutes, saying they were the cornerstones guiding how and why he operates his business. He told me the statutes ensure our tourism industry is protected and efficient and that NRS 706.151 enabled him to invest a lot of money in vehicles that would provide safe transportation. The NRS 706.151 does not apply only to the NTA. The statute also affects all operations under the Taxicab Authority, Department of Business and Industry.

The NRS 706.151 is intricately intertwined with both statutes that provide for the issuance of CPCNs. The system was established with good reason. Passengers would be unwise to step into just any cars, putting their lives and safety into the hands of operators who have not been vetted. Because tourism is vital in Nevada, transportation is integral to our State's economic success.

The vetting process ensures transportation operators have financial soundness, adequate infrastructure, trained drivers, proper vehicles, a maintenance program, a dispatch office and insurance.

I have spoken to representatives from international and domestic organizations, including individuals from the International Association of Transportation Regulators and the Taxicab, Limousine & Paratransit Association. They have told me they studied and admired the Nevada system. They believe our system is fair and safe.

Anyone interested in operating a transportation business in Nevada is welcome to participate in the hearings the NTA conducts for those who apply for CPCNs. I have testified at the NTA hearings and provided witnesses who have testified against those who have applied for CPCNs. Some of the applicants have obtained their CPCNs despite my testimony opposing them. The hearing process is extremely important. The applicants are vetted to ensure they can run safe and necessary services. Our statutes do not prevent operators from going into business. They ensure that those who go into business are doing so in the proper way.

Some of the persons who have testified in support of <u>S.B. 190</u> appear to be saying they had been illegal operators who were upset because they had been required to obtain CPCNs.

## **Senator Hardy:**

In the interest of full disclosure, I am notifying the Committee that Joe Hardy, Jr., a member of the Taxicab Authority board, is my son.

Mr. Tomlinson, we have heard about issues involving starting a transportation business and expanding one that is already in place. The problems to which Mr. Townes and Ms. Brodrick referred occurred in northern Nevada. Are you addressing circumstances limited to southern Nevada and those motor carriers governed by the Taxicab Authority? Are you also referring to circumstances in northern Nevada? We should not address circumstances in Clark County if regulation of transportation in that area is working. If we need to address problems in the system in southern Nevada, perhaps the Committee should consider a population cap that would exempt Clark County.

#### Mr. Tomlinson:

My clients do business only in Clark County, but my testimony refers to the proposed change to NRS 706.151. That statute affects the entire State. It is integral to the operations of both the NTA and the Taxicab Authority.

# **Senator Hardy:**

Would a population cap exempting Clark County from the provisions in S.B. 190 address your concerns?

#### Mr. Tomlinson:

A population cap would address our immediate concerns, but it would be bad policy. I think the statutes are fair as they stand. The transportation industry should work under uniform cornerstone statutes like it does now.

One of the testifiers in support of <u>S.B. 190</u> mentioned technology in Nevada's transportation industry has become stagnant. This assertion is not accurate. I have been involved with companies, including Frias, that have made significant improvements to their operations' technology. We have computerized dispatch and Global Positioning Systems in our vehicles. The Taxicab Authority and the NTA have launched a pilot program that will give regulators the ability to match demand for services with supply and to account for all vehicles in their systems. Nevada's transportation regulators are leading improvements to technology that will revolutionize how transportation operates. Our company did a presentation in Washington, D.C., last year that was accepted by federal and international

regulators. Authorities in San Francisco have adopted the method, and we expect it to expand elsewhere.

Furthermore, S.B. 190 does not propose changes to technology.

#### **Senator Gustavson:**

<u>Senate Bill 190</u> would not affect the safety and health of taxicab passengers. It would remove the language that is anticompetitive. Who should determine which operators are appropriate to deliver transportation services?

# Mr. Tomlinson:

Senator Gustavson, section 1, subsection 1, paragraph (c) of <u>S.B. 190</u> proposes striking out the words "adequate, economical and efficient" and "and to foster sound economic conditions." Those words are integral to the policies relating to regulation. The NTA is a three-member board. The Taxicab Authority is a five-member board. The boards make policy and decisions through a hearing process that functions well. Not every application for a CPCN is approved. Not every application should be approved. Dozens are approved every year, however. Perhaps Andy MacKay, Chair of the NTA, will address this. While some may view the system as anticompetitive, it is not in practice. The application and hearing process is fair. Applicants are given the opportunity to present their information.

# Senator Gustavson:

We are still trying to remove the language that is anticompetitive, as shown on page 3, lines 4 through 6. Why should this language remain law?

# Mr. Tomlinson:

The key to why the language should remain law lies in the reasoning behind the use of the word "detrimental." Why would we want to approve operators whose services would be detrimental to our State? Section 3 of <u>S.B. 190</u> also proposes striking language that precludes an applicant from obtaining a CPCN based only on the fact the applicant's operation would create competition. Every applicant has that protection. The NTA cannot deny an application based on the potential for competition.

#### Senator Gustavson:

If applicants have not been denied based on potential competition, why do we need anticompetition language in the law?

#### Mr. Tomlinson:

Senator Gustavson, I do not think the language in the statute is anticompetitive. It says applicants cannot be denied CPCNs because of the potential for competition. I do not view that language as anticompetitive. It gives applicants protection.

# Marc Gordon (Yellow Checker Star Transportation):

We agree with the points Mr. Tomlinson made. Yellow Checker Star Transportation is a taxicab company in Las Vegas. We oppose <u>S.B. 190</u>. Yellow Checker Star operates approximately 25 percent of the taxis in southern Nevada. The company employs 2,000 people and has been in business for over 30 years. We have invested millions of dollars to ensure the safe operation of taxis and transport of passengers.

### Senator Gustavson:

Mr. Gordon, if the potential for competition is not a factor in denying applications for CPCNs, why are existing companies allowed to file protests against applications for CPCNs?

#### Mr. Gordon:

There are various reasons existing companies are allowed to protest applications for CPCNs. Most protests I have witnessed have been made based on the argument that applicants were not fit, willing and able to do business. This is a part of the vetting process. The regulatory agencies' staffs are often not equipped to do as complete a vetting process as we would like. Information shared in protests sometimes contributes aspects and information the agencies' staff investigations were unable to contribute. The main factors I have seen for protest have addressed whether applicants would be able to transport passengers safely and operate their equipment safely.

#### **Senator Gustavson:**

Are you saying it is up to applicants' competitors to assist the NTA and the Taxicab Authority in their decisions?

#### Mr. Gordon:

No, I am not. Those holding CPCNs are stakeholders and part of the process. They assist the regulatory agencies in the vetting of candidates.

## **Senator Hardy:**

I assume, Mr. Gordon, you understand the point Senator Gustavson is making about lines 4 through 6 on page 3 of <u>S.B. 190</u>. Are you saying section 2, subsection 3 is problematic because the issue of competition would not be allowed to be considered in the applications for CPCNs?

# Mr. Gordon:

Section 2, subsection 3 would tie the hands of the NTA by saying they could not consider competition as a criterion for denying applicants' CPCNs.

# **Senator Hardy:**

It is not the goal of regulation to discourage practices that would increase or decrease competition as much as to give operators the ability to travel, ship and do business within the State. Do you understand why <u>S.B. 190</u> proposes striking the language in lines 4 through 6 on page 3?

# Mr. Gordon:

I agree that retaining the word "detrimental" would preserve the meaning of the law. Under that provision, the potential for competition itself would not be the basis for protest, but only competition that was potentially harmful to the traveling public. I think the tenets of the two passages you cited can coexist.

## Senator Hardy:

Are you referring to existing law as it applies to Clark County, or are you referring to the State as a whole? Is it necessary to include in <u>S.B. 190</u> a population cap that would exempt Clark County? Would doing so recognize the Taxicab Authority does most of the regulatory work in Clark County? Other areas of the State have challenges Clark County does not.

#### Mr. Gordon:

My client would probably agree to the population cap to exempt Clark County. The NTA also regulates limousines and other motor carriers in Clark County. The Taxicab Authority regulates only the taxicab business in Clark County.

# Lee Haney (Livery Operators Association of Las Vegas):

We oppose <u>S.B. 190</u> and agree with the points Mr. Tomlinson made regarding safety.

# Mike Sullivan (Whittlesea Bell Transportation):

We operate taxicabs and limousines in Las Vegas and taxicabs and shuttle buses in Reno. We interact directly with the NTA. We oppose <u>S.B. 190</u> and agree with the points made by Mr. Tomlinson.

# David Goldwater (Desert Cab; On Demand Sedan & Limousine):

We oppose <u>S.B. 190</u>. <u>Senate Bill 190</u> is a noble endeavor. Drafting good transportation regulation is difficult because there are economies within economies. In Las Vegas, there have been conflicts among limousine companies as well as among drivers. Though there will always be those who will be frustrated with the regulatory scheme, the tenets in NRS 706.151 strike regulatory balance. Changing the regulations would yield unintended negative consequences.

#### **Senator Gustavson:**

How are the consumers in Clark County being served during the taxicab strike taking place there?

#### Mr. Goldwater:

Senator Gustavson, companies are still operating, and drivers are still on the road. I do not know if customers are as well served when trained, professional drivers are in dispute with their management companies.

#### Senator Gustavson:

Are you saying the companies that are operating now are employing drivers not trained as professional drivers?

## Mr. Goldwater:

No, I am not. I can speak for Desert Cab. The drivers are trained and professional, in both union and nonunion roles. Some choose to be represented, and others do not.

#### Chair Manendo:

Is there anyone neutral to S.B. 190?

# Timothy Sandefur (Pacific Legal Foundation):

I oversee our economic liberty project, which is devoted to protecting small businesses against ridiculous and unconstitutional licensing laws such as those in statute that regulate taxicabs and moving companies in Nevada. At present,

I am litigating a lawsuit on behalf of Maurice Underwood challenging the constitutionality of the existing law.

The NRS 706.391 is the most anticompetitive licensing law on the books of any state in the Nation. I have done extensive research on licensing laws that affect moving companies. This law exceeds anything I have ever seen. Under NRS 706.391, a perfectly qualified and competent mover could be denied a license simply because he would compete with existing firms. The U.S. Court of Appeals for the Ninth Circuit decision in *Merrifield v. Lockyer*, 547 F.3d 978 (2008), declared government may not use its licensing laws for the sole purpose of protecting established businesses against fair competition by newcomers. That decision echoed the Supreme Court's decision. *New State Ice Co. v. Liebmann*, 285 U.S. 262 (1932), said laws governing CPCNs that do not protect public safety, health and welfare are unconstitutional because they perpetuate monopolies at the hands of those who have licenses to operate. This law bars applicants without regard to skill or quality solely because they would compete against existing firms.

One of the opponents of S.B. 190 said the current law is necessary to protect safety and to ensure operators are insured and financed. The NRS 706.391 does not ensure that, however. It protects established companies against fair competition. Under some of the language in the current law, persons can be denied licenses if granting CPCNs would not foster sound economic conditions. What are sound economic conditions? No one knows. It is not in the statute. It is not defined in the regulations. Sound economic conditions are, basically, whatever the regulators say they are. Under such a system, a regulator could deny a moving company a CPCN, for example, because the regulator assumed the company would not foster sound economic conditions. Such a decision would have nothing to do with furthering public safety.

Another part of this statute says a person can be denied a CPCN if granting it would unreasonably or adversely affect other carriers. What does that have to do with protecting public health and safety? This is not about vetting people for safety. This is only about protecting the private interests of existing firms against having to compete fairly. The current statute says a license can be denied if granting the license would fail to benefit and protect the motor carrier business, not the consumer. The *United States Constitution* requires the government regulate businesses only to protect public safety, not private

interests. The statute also says it is the policy of the State to discourage practices that would tend to increase competition or that would be detrimental to the public or to the existing industry. Note the statute does not say competition that would be detrimental to the public is the problem. It says competition detrimental to the industry is sufficient reason to deny a CPCN.

Testifiers today have repeated that another part of the statute says competition by itself is not reason for denying a CPCN. That is true, but the operative part of that provision is the phrase "by itself." Competition is a consideration under the statute, and other parts of the statute that require sound economic conditions, whatever those are, or prohibit adverse effects on other carriers do allow the NTA to deny CPCNs solely to protect established businesses against fair competition.

It has been said people get their CPCNs anyway. Maybe they do. Maybe they do not. I will find that out when I engage in discovery in the lawsuit I am litigating. Even if it is true applicants get their licenses despite barriers, how is that fact significant? The hearings are burdensome, expensive and time consuming for applicants. Nevada law requires anyone who starts a small business as a corporation to hire an attorney to go through the administrative hearing process. That can be expensive. In Missouri, under a statute less anticompetitive than Nevada's, the average wait time to obtain a CPCN to establish a moving company is 154 days, or 6 months. Not many people can afford to wait that long to obtain a CPCN. After Missouri repealed its law and replaced it with a pro-competitive statute, the wait time dropped to 19 days. Applicants in Missouri need only prove they are licensed, equipped, qualified, safe and insured. The *U.S. Constitution* draws this line pertaining to the regulation of businesses.

#### Chair Manendo:

Are you from California?

# Mr. Sandefur:

Yes, I am.

# Chair Manendo:

We were hearing testimony for those who are neutral regarding <u>S.B. 190</u>. You do not appear to be neutral.

### Mr. Sandefur:

May I explain?

### Chair Manendo:

No, you may not.

#### Mr. Sandefur:

I am speaking as to the constitutionality of the statute, not as to the policy implications of the statute.

#### Chair Manendo:

We have an order we observe. Those who testify before this Committee are welcome to express opposition to any given bill, but they may not present a forceful reprimand of a bill and, thereby, of the Committee member who presented it.

#### Mr. Sandefur:

I am not against S.B. 190, Mr. Chair.

#### Chair Manendo:

I did not hear you were against the bill, but ...

#### Mr. Sandefur:

I spoke against the existing law on constitutional grounds and therefore complied with the Committee's requirements.

#### Chair Manendo:

I disagree. Mr. MacKay, you are next.

# Andrew J. MacKay (Chair, Nevada Transportation Authority, Department of Business and Industry):

The NTA is neutral on S.B. 190. We believe the bill addresses a policy decision in the hands of the Legislature. The NTA has not voted to oppose or support the matter. Numerous comments have asserted existing statutes are anticompetitive. That further Since cannot be from the truth. January 1, 2008, the board of the NTA has considered 123 applications for CPCNs. The total number granted was 119. The board has denied four applications in approximately 5.25 years. They were denied because they

did not meet the provisions of NRS 706.391 and 706.151. The reasons for denial were sound.

An applicant need not hire an attorney to navigate the hearing process. The majority of those who appear before the NTA represent themselves. They are *pro se* or *propria persona* litigants.

Sometimes applications for CPCNs are not heard by the full board of the NTA because they are withdrawn by applicants. The NTA has no control over this. Mr. Underwood, the applicant to which Mr. Sandefur referred, chose to withdraw his application. Ms. Brodrick chose to withdraw her application. Had she not withdrawn her application, she would have almost certainly been granted her CPCN to provide scenic tours in Nevada. She proposed serving a niche market that would have been a valuable component of the State's economic landscape. I even said that in the record. The reason the NTA did not approve her request for exigent circumstances was that the NTA does not have the statutory authority to grant temporary CPCNs.

A statute can be read according to interpretation if one does not read it in its entirety. Mr. Sandefur's remarks do not reveal an understanding of the entire statute. Section 2, subsection 3 of  $\underline{S.B.190}$  states the NTA cannot deny applications based on the potential for competition.

There has also been mention of the intervention process. The NTA cannot intervene in applications based strictly on the potential for competition. If I encounter a petition for leave to intervene predicated on competition, I will deny it immediately. Such a petition would indisputably fall outside the confines of the law.

Testimony speculated on the differences between regulation in Las Vegas and in northern Nevada. No one denies there are differences. The majority of the provisions <u>S.B. 190</u> proposed for repeal were adopted through A.B. No. 518 of the 72nd Session. We must examine why the proposed provisions would need to be repealed. What is not working? I believe the provisions work.

Las Vegas has one of the largest and most robust limousine markets in the Nation. If NRS 706.391 is anticompetitive, why are the majority of the small operations approved by the NTA?

When A.B. No. 518 of the 72nd Session was passed, the Legislature commissioned a study to address the potential for forming an allocation system for limousines similar to what the Taxicab Authority does for taxicab medallions. The study was used to adopt the provisions for A.B. No. 518 of the 72nd Session. The limousine market had grown relative to the number of vehicles. There was a significant decline in the overall revenue, however. The net profit in the limousine industry over a 2-year period was negative.

I will apply the statute as it is written, but I have a responsibility to give perspective based on the historical context as well as to be prospective regarding how <u>S.B. 190</u> would affect the motor carrier industry.

I am wholly in favor of free market enterprise. I have been a business owner. I know what it is like to tell my wife I will not be receiving a paycheck because I had to use my funds to cover the payroll account when one of our customers did not pay us. When I took my position with the NTA and analyzed how the regulatory process works, I concluded the Legislature had enacted regulations that were fair and ensured the traveling and shipping public is safe as a result. I cannot emphasize enough my belief that safety has been assured. Our carriers deserve credit as well. Because the Legislature has enacted sensible laws, Nevada does not have mass accidents involving motor carriers. I commend the Committee for its part in this.

#### Senator Hardy:

Do you know any other state that has authority to grant temporary CPCNs for operators?

# Mr. MacKay:

I do not. I can, however, comment regarding Nevada. There is not a statute in place that would allow someone to begin operation on a temporary basis. The Taxicab Authority does have the authority to grant temporary medallions. Although the NTA does not have the ability to grant temporary CPCNs, carriers for large events put vehicles for which they are authorized on the road on a temporary basis.

# **Senator Hardy:**

Are you saying you have authority to increase the numbers temporarily but not for someone who desires to work a niche market?

# Mr. MacKay:

Yes, I am.

# Senator Hardy:

Can you address the time differential between how long it takes to obtain a CPCN in Nevada versus in Missouri? Do you know what the legislators in Missouri did to expedite the application process? If so, do you think we could learn from them and use the same approaches?

# Mr. MacKay:

I cannot comment on the circumstances in Missouri. Based on what Mr. Sandefur said, I wonder if the legislators there foolishly eliminated some of the requirements for application. The reason it takes so long for some applicants to obtain CPCNs in Nevada is that they do not hire CPAs or legal counsel. They do the applications themselves. The NTA assists them. That is one thing we do. We are a resource for applicants. The applications approved in an expeditious manner are those for which the applicants meet with NTA staff. Staff provides them with samples of applications that have been accepted and urges applicants to use those samples as their benchmarks. Doing this work at the front end of the process expedites it on the back end. We do more than just process applications. Our staff also processes tariff modifications. Such work often takes precedence over processing applications because tariff modifications are for existing carriers. The NTA wants people to be able to go into business.

# Senator Gustavson:

The law states the license will be issued only if a person is financially and operationally fit. The NTA should ensure applicants can provide safe service and are qualified. It also says the NTA must ensure issuing a new license will foster sound and economic conditions within the applicable industry. What exactly are sound economic conditions?

#### Mr. MacKay:

The answer is in regulation that the NTA promulgated years ago. One economic condition is that of financial fitness. Companies that are financially fit can assure safety. Companies that are not will scrimp on such things as deferred maintenance, insurance, drug testing and more. They will poach rides from other taxicab carriers. Defining when a company has sound economic conditions and financial fitness is hard to explain, however.

## **Senator Hardy:**

You are describing a business pro forma that is in the application process. Do you determine whether they can prove the economic potential to succeed?

# Mr. MacKay:

Yes, we do.

#### Mr. Sandefur:

I apologize for the misunderstanding. It was not my intention to take a position on <u>S.B. 190</u> but only to address current law. I am sorry that my testimony misled the Committee.

# **Chair Manendo:**

The constitutionality aspects are another matter. We have a bill before us. Thank you for apologizing.

#### Paula Penrod:

I am neutral on <u>S.B. 190</u>. I am a private citizen. Public safety has been discussed. Independent contractors who are taxicab drivers are not licensed by any entity. They are, however, required to hold Nevada business licenses as well as business licenses issued by the cities and counties in which they work. Senator Gustavson, you may want to consider adding to the bill a requirement the independent taxicab drivers be licensed by the State. As written, S.B. 190 has the potential to allow uncertified taxicab drivers to obtain CPCNs.

#### Chair Manendo:

I close the hearing on S.B. 190 and open the work session with S.B. 313.

# Jered McDonald (Policy Analyst):

Please see the work session document on S.B. 313 (Exhibit H).

SENATE BILL 313: Revises provisions relating to autonomous vehicles. (BDR 43-954)

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 313.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

# Chair Manendo:

I close the hearing on S.B. 313 and open the hearing on S.B. 317.

**SENATE BILL 317**: Revises provisions relating to franchises for sales of motor vehicles. (BDR 43-942)

#### Mr. McDonald:

Please see the work session document on S.B. 317 (Exhibit I).

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 317.

SENATOR GUSTAVSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

#### Chair Manendo:

I close the hearing on S.B. 317 and open the hearing on S.B. 302.

SENATE BILL 302: Requires taxicab motor carriers in certain counties to maintain and provide to the Nevada Transportation Authority and other taxicab motor carriers certain information. (BDR 58-846)

# Mr. McDonald:

Please see the work session document on S.B. 302 (Exhibit J).

# Senator Greg Brower (Senatorial District No. 15):

A lot of discussion and ideas were put forth when the Committee last heard <u>S.B. 302</u>. I discussed the ideas with Mr. MacKay and others. I recommend the original bill be passed without any amendments.

## Senator Hardy:

I do not think the Health Insurance Portability and Accountability Act applies in circumstances not for purposes of medicine. I think <u>S.B. 302</u> is sound as written.

SENATOR SPEARMAN MOVED TO DO PASS S.B. 302.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

# **Chair Manendo:**

I close the hearing on S.B. 302 and open the hearing on S.B. 158.

**SENATE BILL 158**: Revises provisions relating to motor carriers. (BDR 58-466)

# Mr. McDonald:

Please see the work session document on S.B. 158 (Exhibit K).

# Senator James A. Settelmeyer (Senatorial District No. 17):

<u>Senate Bill 158</u> will ensure independent motor carriers will not reap the consequences of errors made by large motor carriers.

SENATOR HARDY MOVED TO DO PASS S.B. 158.

SENATOR GUSTAVSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \*

#### Chair Manendo:

I close the hearing on S.B. 158 and open the hearing on S.B. 343.

**SENATE BILL 343**: Makes various changes relating to off-highway vehicles. (BDR 43-630)

#### Mr. McDonald:

Please see the work session document on S.B. 343 (Exhibit L).

# Senator Pete Goicoechea (Senatorial District No. 19):

When we considered the amendment to <u>S.B. 343</u>, one of the considerations was the \$100 fine. The bill would only enable legislation. The roads and streets would have to be designated by a local jurisdiction. The Department of Motor Vehicles allowed for a different placard for the vehicles. The bill would enable law enforcement officials to detain those traveling illegally. Those who travel legally would be insured. I think we accomplished everything we intended in this bill.

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 343.

SENATOR GUSTAVSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

# Chair Manendo:

I close the hearing on S.B. 343 and open the hearing on S.B. 179.

<u>SENATE BILL 179</u>: Makes various changes to provisions governing public safety. (BDR 43-79)

# Mr. McDonald:

Please see the work session document on S.B. 179 (Exhibit M).

# Erin Breen (Director, Safe Community Partnership Program, University of Nevada, Las Vegas):

Approximately 75 people have been involved in the task force that is the underpinning of <u>S.B. 179</u>. It began as an education task force and grew to be an education and legislation task force before aligning with the Strategic Highway Safety Plan (SHSP), U.S. Department of Transportation.

#### Chair Manendo:

Unfortunately, I heard of another pedestrian accident that happened in Las Vegas last night. I cannot express the importance of the work we are doing on this bill.

#### Ms. Breen:

<u>Senate Bill 179</u> would address safety measures that could have prevented the accident.

Our intent in drafting <u>S.B. 179</u> was to make the language regarding pedestrian safety law clearer. Doing so will make it easier to educate law enforcement personnel, pedestrians and motorists.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 179.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

#### Chair Manendo:

I close the hearing on S.B.179 and open the hearing on S.B. 508.

**SENATE BILL 508**: Repeals provisions relating to the employment of certain employees of railroad companies. (BDR 58-576)

#### Mr. McDonald:

Please see the work session document on S.B. 508 (Exhibit N).

# Mike Draper (DesertXpress Enterprises, LLC):

Our proposed amendment to <u>S.B. 508</u>, page 2 of <u>Exhibit N</u>, will allow provisions that would modernize the statute to allow for the inception of an infrastructure for a high-speed rail system between Nevada and California. The proposed amendment replaces the words "States of California and Nevada jointly" with "State of Nevada." The proposed changes would enable the Assembly and future Legislatures to lay the groundwork for building a high-speed rail system.

# **Senator Hardy:**

Would the proposed amendment not exclude California as a destination on proposed routes?

# Mr. Draper:

That is correct. It would not.

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 508.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

#### **Chair Manendo:**

I close the hearing on <u>S.B. 508</u> and open the hearing on <u>S.B. 432</u>.

**SENATE BILL 432**: Revises provisions governing the regulation of taxicabs. (BDR 58-1073)

#### Mr. McDonald:

Please see the work session document on S.B. 432 (Exhibit O).

SENATOR HARDY MOVED TO DO PASS S.B. 432.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \*

#### Chair Manendo:

I close the hearing on S.B. 432 and open the hearing on S.B. 456.

**SENATE BILL 456**: Revises provisions relating to operators of tow cars. (BDR 58-1089)

#### Mr. McDonald:

Please see the work session document on S.B. 456 (Exhibit P).

SENATOR HARDY MOVED TO AMEND AND DO PASS AS AMENDED S.B. 456.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

#### Chair Manendo:

I close the hearing on S.B. 456 and open the hearing on S.B. 428.

**SENATE BILL 428**: Revises provisions relating to tow cars. (BDR 58-1074)

# **Bob Compan (Farmers Insurance Group, Inc.):**

I support <u>S.B. 428</u>. I have processed insurance claims for Farmers Insurance Group, Inc. for over 28 years. One of the challenges to our goal of serving our customers is that of towing regulations. Tow storage lots charge erroneous fees to store recovered stolen vehicles or vehicles that have been disabled in auto accidents. Uninsured consumers should also be able to retrieve their vehicles from tow facilities.

Senate Bill 428 takes into consideration that transactions for goods and services are often done electronically. Many consumers no longer carry cash. Our claims adjusters do not pay for tow charges with cash. The bill proposes mandating tow operators to receive payments electronically as well as in cash. Sections 1 and 2 set forth the proposed requirements for accepting electronic payments. Section 3 proposes allowing tow operators to charge a fee to consumers who make electronic payments. The fee would be approved by the NTA.

Regulations for nonconsensual tows allow for a tariff of 10 percent above or 10 percent below the rate. The NTA is working under the model tariff at present.

Please see my proposed amendment (<u>Exhibit O</u>). In 2007, I helped draft a bill that included a portion proposing prohibiting tow companies from charging lien-processing fees until 14 days after vehicles had been placed into storage. That portion was eventually removed. However, we have since worked to reinstate the language but with further changes. Our proposed amendment says tow operators may not charge administrative or processing fees until 4 business days after vehicles are placed into storage. The proposed requirement has found favor with tow operators. Some, however, have expressed they should not be required to abide by the limit of 4 days for vehicles towed and stored as a result of recovered theft.

Item 3 on page 2 of Exhibit Q says:

If a motor vehicle that is placed in storage was towed at the request of a law enforcement officer following an accident involving the motor vehicle, or deemed a recovered theft by the requesting agency [,] the operator shall not: ...

I spoke to Mr. MacKay about this passage. The model tariff now in place with the NTA reflects vehicles recovered as a result of theft are included in the requirement regarding lien-processing fees.

## **Senator Hardy:**

Would the owners of cars deemed recovered after having been stolen stand to lose their vehicles twice, once to the thieves and once to the tow storage lots?

#### Mr. Compan:

No, they would not. Tow operators could begin the lien process and accompanying fees 4 days after the recovery of stolen vehicles. They could still take ownership of stolen vehicles after 30 days if they had gone through the process of attempting to find the owners.

# **Senator Hardy:**

Are the owners of stolen vehicles notified when their vehicles are recovered, or do they find their cars have been lost again when, in reality, they have been procured by the tow operators?

# Mr. Compan:

When vehicles are recovered at the scenes of accidents, the vehicle identification numbers are entered into the National Crime Information Center (NCIC) database. Someone from the NCIC database notifies the law enforcement agencies, who then notify the owners of the vehicles or the insurance carriers with which they are insured.

## Senator Hardy:

What if vehicles' owners are out of the area when the attempts to notify them are made? To cite an extreme, what if a given owner is hiking in, say, the Himalayas and could not be contacted? Could his or her vehicles become the property of the tow operators after 35 days?

# Mr. Compan:

Yes, that could happen.

# **Senator Hardy:**

That concerns me, but I am not sure how it could be prevented.

#### Mr. Compan:

If the vehicles' owners have insurance, the insurance companies would be notified the vehicles had been recovered.

#### Senator Gustavson:

Mr. Compan, would the fee mentioned in section 3, subsection 2 of <u>S.B. 428</u> be in addition to the fee tow and storage companies would charge for the convenience of using credit cards?

# Mr. Compan:

Yes, it would. Tow and storage agencies that are processing electronic transactions have costs imposed by the credit card companies.

# **Senator Gustavson:**

It seems to me that should be included in the price for doing the service. I would like the proposed fee removed from S.B. 428.

# Mr. Compan:

I agree it should be included in the price of doing service. Perhaps the bill's language could be changed. The NTA cannot prescribe such fees, however.

### Senator Hardy:

The considerations in section 3, subsection 2 would protect the rights of consumers. I am comfortable with the bill as it is written. The language in subsection 2 would enable tow operators to carry out the provisions detailed in section 3.

# Joe Guild (State Farm Insurance Company):

We support S.B. 428, and agree with everything Mr. Compan said.

# Josh Griffin (AAA for Northern California, Nevada and Utah):

We support <u>S.B. 428</u> with or without the proposed amendment. The provisions in the bill would enable car owners to retrieve their cars as expeditiously as possible.

# Paul J. Enos (CEO, Nevada Trucking Association):

We had a long discussion about <u>S.B. 428</u> and agreed it makes sense. We also discussed the possibility consumers could dispute the tow charges on nonconsensual tows, but we concluded consumers always have the option of contacting their credit card companies to arrange dispute charges and arrange for payment to be withheld.

Section 6 of the bill refers to rates. Tow operators do not increase their rates without the oversight of the NTA.

# Senator Gustavson:

Do you support <u>S.B. 428</u> as well as the proposed amendment, <u>Exhibit Q?</u>

## Mr. Enos:

Yes, we support the amendment.

# Randall Bondy (Cal-Neva Transport & Tow, Inc.):

I am not opposed to <u>S.B. 428</u>. However, I am not neutral. The bill has good points, but some of its provisions are not based on facts. When vehicles are stolen and recovered before the owners are aware they have been stolen, as in the scenario laid out by Senator Hardy in which car owners are in the Himalayas, the police hold them in their storage lots until the owners are notified. Tow operators may be asked to tow such vehicles a second time to their storage lots, or the owners may retrieve their vehicles from the police agencies' lots directly.

Businesses should not be required by statute to accept electronic payments. Not all businesses have the means to process electronic transactions. The bill does not address the possibility that some customers pay with checks. We have business relationships with insurance companies that pay only with checks. There is a difference between debit cards and credit cards.

Giving the NTA the power to regulate electronic payments would force tow operators to take electronic payments rather than giving them the option to do so. Banks and credit card companies that control electronic payment transfers can raise rates without the consent of consumers. Tow operators would have to absorb the cost, and they would pass the cost to consumers. Credit card companies can withhold payment for fees charged for impounding vehicles' for up to 3 days. Consumers who ask their credit card companies to withhold payment would be defrauding tow operators. Tow operators would incur a loss of such payments. My company has experienced these circumstances. Our main objection is against credit card payments processed as credits.

# **Senator Hardy:**

Are you saying consumers could defraud your company using any form of payment except cash or debit card?

# Mr. Bondy:

No. I am saying accepting electronic payments would cause us to incur more risk.

# Senator Spearman:

What is the cost for each electronic transaction?

# Mr. Bondy:

It depends on the credit card company. They set their rates, though I am sure they are under regulation as well. Most credit card companies charge approximately 3 percent. That can be significantly higher for charges that are higher. For example, a tow bill of \$100 charged at 3 percent would total \$103. A \$1,000 bill would cost \$1,030. If credit card companies increase their rates, consumers will pay more.

# Senator Spearman:

Sometimes cost is reduced when scale is increased. Perhaps those who drafted <u>S.B. 428</u> could amend it to ensure small business owners would not incur costs until they could procure more favorable rates.

# Mr. Bondy:

We are not opposed to accepting electronic payments. We are just concerned about the risk involved in doing so. The bill would force us to employ a method that is a convenience but not a necessity. We do not want to complicate the provisions of the bill. We do not want to incur additional costs imposed by banks, however. We are amenable to working with the bill's sponsors to propose changes that will give all tow operators an equal chance.

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# **Chair Manendo:**

I close the hearing on <u>S.B. 428</u>. Seeing no further business before the Committee, we are adjourned at 11:06 a.m.

	RESPECTFULLY SUBMITTED:
	Melodie Swan-Fisher, Committee Secretary
APPROVED BY:	
Senator Mark A. Manendo, Chair	
DATE:	

<u>EXHIBITS</u>					
Bill	Exhibit		Witness / Agency	Description	
	Α	2		Agenda	
	В	8		Attendance Roster	
S.B. 190	С	4	Senator Donald G. Gustavson	Written Testimony	
S.B. 190	D	14	Senator Donald G. Gustavson	Handout	
S.B. 190	E	3	Lee McGrath	Written Testimony	
S.B. 190	F	1	A.R. (Bob) Fairman	Written Testimony	
S.B. 190	G	10	Tina Brodrick	Written Testimony and Supporting Documents	
S.B. 313	Н	4	Jered McDonald	Work Session Document	
S.B. 317	I	2	Jered McDonald	Work Session Document	
S.B. 302	J	1	Jered McDonald	Work Session Document	
S.B. 158	K	1	Jered McDonald	Work Session Document	
S.B. 343	L	8	Jered McDonald	Work Session Document	
S.B. 179	М	18	Jered McDonald	Work Session Document	
S.B. 508	N	3	Jered McDonald	Work Session Document	
S.B. 432	0	2	Jered McDonald	Work Session Document	
S.B. 456	Р	4	Jered McDonald	Work Session Document	
S.B. 428	Q	2	Robert Compan	Proposed Amendment	