

**MINUTES OF THE MEETING
OF THE
COMMITTEE ON TRANSPORTATION**

**Seventy-Eighth Session
March 10, 2015**

The Committee on Transportation was called to order by Chair Jim Wheeler at 3:20 p.m. on Tuesday, March 10, 2015, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Jim Wheeler, Chair
Assemblywoman Jill Dickman, Vice Chair
Assemblyman Nelson Araujo
Assemblyman Richard Carrillo
Assemblywoman Victoria A. Dooling
Assemblywoman Michele Fiore
Assemblyman Edgar Flores
Assemblyman Brent A. Jones
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman P.K. O'Neill
Assemblyman Stephen H. Silberkraus
Assemblywoman Ellen B. Spiegel
Assemblyman Michael C. Sprinkle
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None



GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Michelle L. Van Geel, Committee Policy Analyst
Henri Stone, Committee Secretary
Trinity Thom, Committee Assistant

OTHERS PRESENT:

Charlene Frost, Private Citizen, Las Vegas, Nevada
Robert L. Compan, Manager, Government and Industry Affairs, Farmers Insurance Group
Eric Spratley, Lieutenant, Legislative Services, Sheriff's Office, Washoe County
Chuck Callaway, Police Director, Office of Intergovernmental Services, Metropolitan Police Department, City of Las Vegas
Dan Musgrove, representing CSAA Insurance Group
Robert Roshak, Executive Director, Nevada Sheriffs' and Chiefs' Association
Jeanette K. Belz, representing Property Casualty Insurers Association of America
Sheila Schwadel, Member, Alliance of Wild Horse Advocates and President, Pine Nut Wild Horse Advocates, Gardnerville, Nevada
Bart Lawrence, Vice President, National Wild Horse Center, Inc., Reno, Nevada
Bonnie Matton, President, Wild Horse Preservation League, Dayton, Nevada

Chair Wheeler:

[Roll was called. Committee protocol and rules were explained.] There are two Committee bills I would like to introduce.

Michelle L. Van Geel, Committee Policy Analyst:

BDR 43-1071 has to do with markings on plates for disabled veterans.

BDR 43-1071—Revises provisions relating to special license plates. (Later introduced as [Assembly Bill 250](#).)

Chair Wheeler:

I will take a motion to introduce.

ASSEMBLYWOMAN DICKMAN MOVED TO INTRODUCE
BDR 43-1071.

ASSEMBLYMAN SILBERKRAUS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Michelle L. Van Geel:

The second bill draft request is BDR 43-1129.

BDR 43-1129—Revises provisions governing vehicle dealers. (Later introduced as [Assembly Bill 251](#).)

Chair Wheeler:

I will take a motion to introduce.

ASSEMBLYMAN SILBERKRAUS MOVED TO INTRODUCE
BDR 43-1129.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chair Wheeler:

We will open the hearing on [Assembly Bill 143](#).

[Assembly Bill 143](#): Authorizes electronic verification of motor vehicle insurance. (BDR 43-28)

Assemblyman Carrillo, Assembly District No. 18:

[Assembly Bill 143](#) is about electronic verification of automobile insurance. It is much like current legislation in 28 states and pending legislation in 5 more. This was brought forth primarily because something happened. I would like to introduce Charlene Frost, who is a constituent. She assists me in my district. She will be presenting [A.B. 143](#), telling her story and why this bill is important for the state of Nevada.

Charlene Frost, Private Citizen, Las Vegas, Nevada:

This bill would allow a person to present proof of automobile insurance utilizing their portable electronic device—a cell phone or a tablet. I approached

Assemblyman Carrillo about taking up this issue not long after the 2013 Legislative Session ended. That July I was on my way to my job and was in an accident on U.S. Route 95 going north in Las Vegas. The tread on the rear passenger side tire separated and the car veered toward the middle barrier. I impacted the middle barrier and basically did donuts across U.S. Route 95, landing on the other side, impacting the barrier on the other side of the road. I was lucky—nobody hit me in the process; however, the air bag deployed and the car was totaled. I walked away from it with minor injuries, just some whiplash. I was then a single mom without a vehicle. The Nevada Highway Patrol (NHP) arrived, and I was ticketed for not having proof of insurance. Through all of that spinning and hitting, the glove compartment of my car popped open. Everything inside of it came out and flew all over the inside of the car. I was able to find my registration, but that did not save me from a trip to court to prove that I had insurance. I did eventually find my insurance paperwork about a week later when I was cleaning out the car to send it to the salvage yard. I missed four days of work. A few weeks later I had to miss another day of work to go to court to prove to them that I had insurance.

All of this could have been avoided by one app and the ability to use that app in Nevada. I do not think I am unusual. I think that this kind of thing happens every day. People forget to print out their insurance cards or they do not receive it in the mail. For whatever reason, they do not have it on them or they cannot locate it when an officer requests it.

Most of us have this technology. My cell phone is attached to me—it is rarely out of my hand. Right now I can hit this app and it has my stored insurance identification (ID) cards ([Exhibit C](#)) in it and I can pull it up. The first thing that comes up is a warning: "Please note, keep paper ID cards available at all times. Nevada has not yet approved electronic ID cards as valid proof of insurance." My hope is that you will pass this bill so that my insurance company and others doing business in Nevada can remove this warning and Nevadans can have a backup to that paper copy.

Chair Wheeler:

Are there any questions for Ms. Frost?

Assemblywoman Spiegel:

I remember when you had your accident. I saw it on the news and was relieved when you were able to walk away from it. Is your intent in the bill that this would only be acceptable through apps? I ask the question because I actually have a scan of my insurance card that I keep as a file on my computer and on my phone. My insurance carrier does not have a fancy app.

Assemblyman Carrillo:

I did a poll of the insurance industry in the state of Nevada. Not every company has applications that you can put on a smartphone or tablet. This bill does not limit "electronic format" to just applications. You could use a scanned copy of your insurance card as well.

A concern was raised by law enforcement. Not all of their officers know how to use both iPhone and Android technology. If someone is asked to show proof of insurance and hands over a cell phone and its screen has changed to a picture of flowers, that could be a problem.

I would still carry a copy of my insurance card in my car. There are times I leave the house without my phone. If my phone is what I am relying on for proof of insurance, I will have nothing to show an officer if I am stopped.

Assemblyman O'Neill:

I would like to clarify a point. Being able to pull up a copy of my insurance card on my cell phone would not depend on cell phone coverage, would it? I could be on U.S. Route 50 out at Frenchman and be able to use my phone to show proof of insurance?

Assemblyman Carrillo:

Yes. Section 2 , subsection 2, gets into the details. It says that the peace officer may view only the evidence of insurance and shall not view any other content on the mobile electronic device. That in itself opens it up to carrying the insurance card as a picture, and not as an application. That was a concern of many insurance companies—not all of them have applications available. I checked L.A. Insurance to see if they had an application. I am not endorsing them. They are not Farmers Insurance, or State Farm Insurance, or Allstate Insurance, but they are a big enough company to have an application for a smartphone or tablet.

That was the concern law enforcement raised about the unintended consequences of looking at a picture—a JPEG, PNG, or GIF format—on your smart device. You are showing a photocopy of your insurance card this way. The officer already has that information through Nevada LIVE (Liability Insurance Validation Electronically), knowing whether you are insured or not. The officer just needs to see proof of that insurance. Providing that proof through a picture or an application covers you.

Chair Wheeler:

Are there any further questions from the Committee? [There were none.] I have a few questions for you. How many states already have this?

Assemblyman Carrillo:

There are currently 28 states that have this and 5 that are pending legislation to approve it.

Chair Wheeler:

My next question probably could be better answered by law enforcement. Does the Committee have any other questions? [There were none.] We will take testimony in favor of A.B. 143.

Robert L. Compan, Manager, Government and Industry Affairs, Farmers Insurance Group:

We support legislation that allows the consumer to show proof of insurance on a portable electronic device. Similar to online banking, insurers increasingly send important policy documents to their customers electronically. This innovation makes it possible for drivers to demonstrate proof of insurance using their smartphone. [Read from letter of support ([Exhibit D](#)).]

Fortunately the bill does have an opt-in law, as you will notice in Section 4, subsection 2. "Upon the request of the insured and to the extent available, the insurer may provide the evidence of insurance in an electronic format that can be displayed on a mobile electronic device." The key word is "may." Some insurance companies may not have the smartphone apps. We do have an application for it that is affordable. I would be happy to answer any questions. We do support and approve of the amendment that will be presented by law enforcement.

Assemblyman O'Neill:

I noticed that the enacting date is January 1, 2016. It seems like a fairly simple application. Why are we holding it off for delayed enactment?

Robert L. Compan:

I could see it effective on passage.

Assemblyman O'Neill:

I am curious about the date. It seems as if it could be effective on passage, or on July 1.

Robert L. Compan:

I would like to offer an amendment to make this bill effective upon passage.

Chair Wheeler:

As this is a friendly amendment, we will have that for the work session.

Assemblywoman Kirkpatrick:

I think this is a good idea, but we typically use October effective dates for a reason. That gives us time to educate people so that there is no confusion on the part of drivers or law enforcement about using electronic copies as proof of insurance. If it is effective upon passage and approval, how will that education piece take place? I think waiting until January is too long, but we do not usually even codify the statutes that quickly. You have to have time and a process to inform Nevadans about the change. From my perspective, I would urge caution regarding that friendly amendment. We have to be sure that there is communication, or it will be an ineffective law that has unintended consequences.

Chair Wheeler:

That is why she was Assembly Speaker. I would assume that you would like to amend your amendment to October 1.

Robert L. Compan:

Yes.

Eric Spratley, Lieutenant, Legislative Services, Sheriff's Office, Washoe County:

We are here in support of A.B. 143. We like the idea. We like technology, but we would like this with our amendment ([Exhibit E](#)). It adds the word "intentionally" in section 2, subsection 2. We all tend to fumble with our electronic devices at some point. I can see either an operator of a motor vehicle or an officer receiving the device accidentally, unintentionally accessing some piece of that information. In an extreme sense, it could be that we would see a picture of a missing person we are looking for. We cannot unsee it, and would need to further an investigation at that point. That, or a crime against a vulnerable person, is an extreme example of what we might see. In that case, we would want to continue the investigation, and not have that evidence suppressed. Simply adding the word "intentionally" to section 2, subsection 2, would alleviate our concerns.

Chuck Callaway, Police Director, Office of Intergovernmental Services, Metropolitan Police Department, City of Las Vegas:

We are also in support of the amendment proposed by Lt. Spratley. We see this as a win-win for the citizens and for law enforcement. I know from my

experience as a police officer, there were a lot of times people were digging through their glove boxes for 10 to 15 minutes, trying to find their insurance card. Maybe while the officer was writing the ticket, the driver finds the card and brings it to him, and the ticket has to be voided. This will save time for the citizen and for the officer. It could also potentially save time and money on the court side, as well. Often people forget to put the card in the car, receive a ticket for no proof of insurance in the vehicle, and have to go to court to show they had insurance at the time they were stopped. In those cases, the court will dismiss the citation. It is a cumbersome process that could be avoided by this bill.

Chair Wheeler:

When I was doing this, we were not riding horses, but we did not have computers in the cars. Is there a way now for you to verify the information electronically immediately during a traffic stop?

Chuck Callaway:

The system the Department of Motor Vehicles (DMV) has is somewhat reliable. My understanding is that DMV is a little bit behind in entering the records, or I could purchase insurance today, my information could be entered into the computer, and I could turn around and cancel the insurance. The information in the computer still would show it was valid. In essence, I do not believe that any system is 100 percent foolproof. Someone could show you a card that has been printed and you may not know for sure that it is valid. It could look very convincing. I think this is a step in the right direction, especially when the insurance companies can email that information or send it electronically directly to the recipient.

Chair Wheeler:

Are there any further questions? [There were none.]

Dan Musgrove, representing CSAA Insurance Group:

I represent CSAA, better known as AAA Insurance. I will not waste your time. I will give you a nice little "ditto, me too." I did want to take time to talk about the individual who brought this bill forward. This was her first time up. Since she likes to embarrass me in her world, I wanted to embarrass her in mine. Charlene Frost is one of the best advocates this state has on children's mental health issues. We both serve on the Clark County Children's Mental Health Consortium. I ask that you support this bill for her.

Robert Roshak, Executive Director, Nevada Sheriffs' and Chiefs' Association:

We will throw a "me too" on both amendments. Extending out to October does give us time to let the officers know so we can keep everything nice and clean.

Jeanette K. Belz, representing Property Casualty Insurers Association of America:

I am here on behalf of the Property Casualty Insurers (PCI) Association. Member companies of PCI write 42 percent of the personal auto insurance in Nevada. The only thing I would like to add to the other testimony in support is that this would help prevent the printing and mailing of all of those insurance cards, which is very helpful. [A letter of support from PCI was submitted but not read, and is included as ([Exhibit F](#)).]

Chair Wheeler:

Is there any further testimony in favor of A.B. 143? [There was none.] Is there any testimony in opposition? [There was none.] Assemblyman Carrillo, would you like to make any closing comments?

Assemblyman Carrillo:

We have had testimony to show how this would benefit the state. There are some details that we need to work out—such as the effective date, as Assemblywoman Kirkpatrick pointed out. There needs to be time for educating the public and law enforcement of the change. I am sure the insurance companies will be more than happy to start getting that information out to all their customers. Ultimately, this will be a good thing, and there will be 29 states that allow for electronic proof of insurance.

Chair Wheeler:

I have one more question. The amendment that the Washoe County Sheriff's Office submitted—are you amenable to that?

Assemblyman Carrillo:

Yes. We had prior conversations regarding that. I consider it a friendly amendment.

Chair Wheeler:

We will work it with both of those amendments in it. I will close the hearing on A.B. 143. We will open the hearing on Assembly Bill 189.

[Assemblywoman Dickman assumed the Chair.]

Assembly Bill 189: Revises provisions governing special license plates. (BDR 43-529)

Assemblyman Jim Wheeler, Assembly District No. 39:

I am presenting Assembly Bill 189 today. I will give you a little history on this bill. During the interim, I was on the Commission on Special License Plates and

on this Committee in the last session. I was approached about some specialty license plates we have where the accountability is low. Some were wondering how grants were awarded from the funds for these plates, who was getting paid, and other such things. While we do audit these plates now, our audits are very limited. I believe they are on a timed basis—every year or every other year. Currently there is no provision for us to audit plates upon receipt of a verifiable complaint. That is what this bill addresses. If there is a verifiable complaint against a specialty license plate, it is our job as legislators, or as the Assembly Committee on Transportation, or as the Commission on Special License Plates to be able to investigate after receiving multiple complaints. What A.B. 189 does is allow us to make a public record request of that nonprofit or other group, and it would require an audit for all plates if we called for it. The tax return of the nonprofit would have to be available, as well as the schedules. The bill does not say that the schedules have to be available, so I need to add that as an amendment. We need to define the process for the grants if a plate is giving a grant out to someone from the funds that they are receiving from our specialty plate. We need a defined process for that for the auditor to look at, and we need to make sure that process is fair. There also must be an audit for the charitable organization itself for an explanation for all charges. Currently, organizations can report that they had \$70,000 in expenses and \$30,000 in grants. We want to know what the expenses are.

Assemblywoman Kirkpatrick:

As the current chair of the Legislative Commission, we get audits. They are just more informational than anything else. We have to put that in our Legislative Commission budgets. For audits, we have already submitted a tentative budget. Have we addressed how we will put the additional money into the Legislative Commission budget so that they can pay for more audits, or would we expect the nonprofit to pay for them?

Assemblyman Wheeler:

There is nothing in this bill that requires the charitable organization to pay for the audit. In speaking with Audit Division, they felt that it would not require extra funds because they audit anyway. This is just a more extensive audit. They would use the personnel on hand.

Assemblywoman Kirkpatrick:

I want to be sure that is on the record for the Legislative Commission so they know.

Assemblyman Wheeler:

That would also be something that would be up to the Assembly Committee on Ways and Means, not up to the Assembly Committee on Transportation.

Assemblyman Sprinkle:

You talked about the responsibilities of the Commission on Special License Plates. When you talk about looking at the nonprofits requesting these license plates, why they are doing it and where that money is going, I understand that. It is the charge of the Commission—looking at the license plates, determining if they are valid and that should be part of the process to get them. This bill seems to go far beyond that. At what point does the Commission's responsibility include oversight of a nonprofit as a whole, looking at what that nonprofit does and how they choose to spend the money once they possess it? When I look at your wanting to outline the entire budget, which includes individuals, that seems extremely broad when it is supposed to be only about the license plate.

Assemblyman Wheeler:

The intent of this bill is to address every penny that is made off a license plate that is sold in the state of Nevada. If that means you have to get into what someone is paid from a nonprofit—that is what came out of the proceeds from this organization's allowing that person to use the name of the state of Nevada and the plate that they have—then that is what it means. What this bill does is get into the audit itself, making sure that when Nevadans who are paying for these plates think that the money is going to a certain cause that is what is happening.

Some nonprofits will advertise on television, "Please send your money for the children." Later you find out that 80 percent of it goes to "administrative costs" and 20 percent of it goes to the children. You realize it is not exactly what you thought. What we are trying to do here is make sure that if there is a complaint against any special license, we can audit the organization. The auditor can come back to us and inform us, if the money is not really going where they said it was. At that point, we can do something about it.

Assemblyman Sprinkle:

Never having served on this Commission, I have not been through this process. Would that not be a part of the vetting process at the very beginning? Is it not the responsibility of the Commission to know at the outset that the organization is a legitimate nonprofit before awarding them the specialized license plate? Why does this need to be done at tail end? It seems as if someone is dropping the ball at the beginning.

Chair Wheeler:

It is not the tail end. It could be in the middle or at the beginning. Most of these plates are ongoing. You are correct. The vetting process should be and is done at the beginning by this very Committee. Things change, as you well

know. How many businesses have you seen go bankrupt during the recession? We have plates that have been out there for 10, 15, and 20 years. Could it be that things were perfect at the beginning, but 10 years later are not? That is what the audit is about, to make sure that the money the people of Nevada are spending on their specialized plate is being spent exactly the way this legislative body thought it would be spent when we originally issued the license plate.

Assemblyman Jones:

I love the idea of transparency and accountability that this bill is getting at. As you mentioned, we hear stories of charities that promote a good cause, yet the amount that goes to help the cause is limited. There is nothing in here that states that there must be a certain percentage of the money that must go to the charity, rather than to administrative costs. Where are the teeth, other than the transparency aspect of this bill, that ensure that the funds are truly going to charitable organizations for charitable purposes?

Assemblyman Wheeler:

That is addressed at the beginning. We vet these plates before we put them out. If you have questions like that before you with a charitable organization coming to you asking for a plate, that is when you find that out. If two years after we issue that plate things have changed—that is what we do not know. That is what this audit is about. Do not get me wrong, we audit everybody now. This gets into it a little bit more deeply, and only upon complaint.

Assemblyman Araujo:

I come from the nonprofit world. I can tell you firsthand that some of these nonprofits undergo four or five audits a year. It becomes very taxing on them, making it hard for them to actually do the work they usually do. Most of these nonprofits conduct their own annual audit which they present to their boards. Is there any flexibility for them to share that annual audit? Would you walk through how intensive this audit by the Audit Division could be?

Assemblyman Wheeler:

What you are talking about and the world that you come from are the medium-sized or large nonprofits. What we are talking about on a lot of these plates are one- and two-person operations. Obviously if they have a complete audit, I am sure our auditor would take that into account or at least verify the numbers on that complete audit. I have found that the large nonprofits have not received any complaints. It is pretty much the smaller ones that have. I would actually have to talk to our Audit Division to see if they would be able to use the internal audit numbers to get the audit through more quickly, but remember they are not auditing the entire nonprofit. They are looking at their tax returns, their schedules, to see about the plate itself. That is their only

responsibility—not where the donations go, but where the money that comes in from the plate, and only the plate, goes. It is the intent of this bill that that would be the only jurisdiction they have.

Assemblywoman Kirkpatrick:

If someone gave me, as the current chair of the Legislative Commission, a complaint, I would be happy to have our Audit Division step in to address the issue. We already have the Internal Revenue Service (IRS) Form 990, so that should be easy to give to the Audit Division for the Legislative Commission. We do make them come back to verify they are still doing it. Should we make them come back sooner?

The City of Las Vegas had a one hundredth anniversary license plate. They came and asked the Legislature to do that, which we did. It became a big deal for Las Vegas' hundredth birthday. They continue to use it, but the money goes to different things. They were forced to come before the Commission on Special License Plates to tell us if that was still in the state's best interest. I believe now they fund things that were associated with the hundredth birthday, like Helldorado. That was the legislative intent. I can see where some nonprofits, whose scope or board has changed, may need to have this conversation. This bill is a bit overwhelming. It needs to be clear on what we are looking for. I understand where you are trying to go and think that there is a reason for us to have the ability to call for an audit.

Assemblyman Wheeler:

We definitely do need that ability. The intent behind this bill is pretty much exactly what you are saying—to be able to get a little deeper into where the money goes, not just how much they brought in.

Vice Chair Dickman:

Ms. Van Geel has some clarification in the form of an amendment.

Michelle L. Van Geel, Committee Policy Analyst:

To segue on what Assemblywoman Kirkpatrick said about the audits through the Legislative Commission, everyone should have a copy of a suggested amendment from Legislative Auditor Paul Townsend ([Exhibit G](#)). It is also up on the Nevada Electronic Legislative Information System (NELIS). This would put the bill more in line with the process that Ms. Kirkpatrick explained as those going through the Legislative Commission. It is a one-page amendment authorizing the Commission on Special License Plates to direct the Legislative Auditor to perform that audit.

Vice Chair Dickman:

Are there more questions?

Assemblywoman Spiegel:

Assembly Bill No. 172 of the 75th Session dealt with the finances of charitable organizations receiving proceeds from special license plates. This bill passed both houses unanimously and was signed by Governor Jim Gibbons on April 22, 2009. This bill required that both the Commission and DMV receive the "list of the names of persons, whether or not designated officers, who are responsible for overseeing the operation of the charitable organization"—that way you know who everybody is—and the current mailing address and phone number of the charitable organization. They also need to provide the balance sheet and bank statements to substantiate the monies. It outlines what the Legislative Auditor is going to be doing, saying that if there was an inaccuracy or inadequacy of any of the documentation, the Legislative Commission could determine that the charitable organization failed to comply with one or more provisions of *Nevada Revised Statutes* (NRS) 482.38277. If that happened, the Commission has the ability to suspend the collection of all additional fees collected on behalf of that charitable organization and suspend production of additional license plates for it. Given all of what we have in statute, why is that inadequate?

Assemblyman Wheeler:

That bill addresses the balance sheet and the bank statements. How deep is that? That is not even an income statement. In business, you need an income statement to see where your money is going. Then, the bill says that if there is an inaccuracy, they can get deeper into the audit. It requires that they give names and phone numbers, which does not tell you much. Who decides if there is an inaccuracy? The bill does not address if there are numerous complaints about the charitable organization. It is for us to decide if the complaints are valid and if we want to create that audit. That is what A.B. 189 addresses. It takes it to that next step, ensuring that the money the people of Nevada are putting into the plates goes to the organization they think it is. If you are going to buy a firefighter plate, for example, you know that the money is going to go to that organization. Let us make sure that it does go to that organization, that purpose we are telling Nevadans it is going to. That is what this bill is about.

Assemblyman Flores:

Currently, if we wanted to do an audit, do we have the authority to check on how that money is being spent?

Assemblyman Wheeler:

The way I read the statute right now, no. We have the authority to look for a bank statement and a balance sheet. What this bill does is give us the authority to dig as deep as we need to dig. What an auditor may do is just say, "Show me an income statement." He can look at the numbers on the income statement and see if they add up, and that may be it. This bill will let us go as deep as the auditor needs to go, but it does not mean that he has to go that deep.

Assemblyman Flores:

What does a typical complaint look like? You talked about not putting too heavy a burden on smaller nonprofits. What if you get a complaint today and do a complete audit, then get a complaint in a week and do another complete audit? That may be the intent—if you get forty-five different complaints within in year, you would do those audits. Is that even reasonable in terms of being able to pay for those?

Assemblyman Wheeler:

As far as the number and the validity of the complaints is concerned, that is something that needs to be decided upon by the Commission. You may get complaints from somebody that does not like you, but if there are ten complaints about the same thing—maybe it is time to take a look.

Assemblyman Sprinkle:

In a written comment that the Legislative Counsel Bureau (LCB) gave in regard to this bill, it says, "If the Commission requests an audit of a charitable organization, the requirement to complete that audit would result in the audit taking priority over other audits and that would delay the completion of audits of that program." I do not see that in the bill. Do you know where that came from or why this would take priority over ongoing audits?

Assemblyman Wheeler:

I have absolutely no idea. This is the first time I ever heard of it.

Assemblyman Sprinkle:

Maybe I can find out from them.

Assemblyman Wheeler:

If you do, please let me know.

Vice Chair Dickman:

Are there any other questions? [There were none.] Is there testimony in support of A.B. 189?

Sheila Schwadel, Member, Alliance of Wild Horse Advocates, and President, Pine Nut Wild Horse Advocates, Gardnerville, Nevada:

I would like to express my support for A.B. 189 as it will provide standards of accounting and transparency while providing a process that ensures that organizations that participate in the special license plate program are responsible for the public funds that they collect. In the past, a few years ago, there was an investigation of financial irregularities with one of the license plate organizations that raised concerns about the oversight you had within in the bill and whether or not organizations that received funds were held accountable for the distribution of those funds. [Read from prepared statement ([Exhibit H](#)).]

It is really important that if the public puts their support behind something—Joe Schmo goes up and buys a license plate in support of Las Vegas, Horse Power, or Nevada Rodeo—those funds get used for the purposes that were put on the original application and for no other purposes. Right now, as I read this, there is really no documentation that the holder of the charity has to provide to the state in regard to this, and there is no accountability to the public of where our money is going. I think it is really important that the charitable organization disburse the proceeds as noted on their original application without changing. If the original application said it was for wild horses and burros, then the public that purchased the plate wants to be able to take a look and say, "I can see this tax return and the schedules. I know that \$10,000 went here, \$2,000 went there, \$2,000 went to this organization." It is right up there for everyone to see.

Bart Lawrence, Vice President, National Wild Horse Center, Inc., Reno, Nevada:

I fully support A.B. 189. This is a bill about ensuring transparency and ensuring that people who donate their money to a cause are able to see exactly how their donations are being spent—so they can decide whether their donations are being used for an organization's stated purposes, or being used on salaries and the administrative overhead of an organization.

This bill will require nonprofits behind the special plates to adhere to certain reporting requirements and would allow the public to see how funds are spent. It will do this by requiring their full tax return to be made public, and making the organization subject to the public records request. [Submitted prepared statement ([Exhibit I](#)).]

To provide some context as to why this bill is necessary, I would like to offer my own experience with a special plate. I am the vice president of the National Wild Horse Center and have been for eight years. Our organization works with the prison mustang training and adoption program here in

Carson City to help promote the adoption of mustangs, and we put on the Western States Wild Horse and Burro Expo.

During my tenure with the Expo, I have spoken with numerous folks who work with various wild horses programs. I have learned that several have tried to submit requests to receive grants from the Horse Power special plate fund and virtually every person I know, including me, who made application was denied—either because the window for grants applications was closed, or there were no funds available. It should be noted that every time you visit the website it says, "We are not accepting" grant applications.

In talking with others, it became clear that many people purchased the Horse Power plates believing that the money raised was funding an organization "whose focus is on preservation of wild mustangs and burros." Those folks working with mustangs organizations did not know where these monies were going, and few established organizations have actually received grants. As of this day, people still cannot see how those proceeds are spent because there is nothing that requires these nonprofits to make public their financial records, tax returns, and supporting schedules. [Continued to read from ([Exhibit I](#)).]

Assemblyman Sprinkle:

Were these concerns brought to the IRS? Are not they the ones who grant 501(c)(3) status and provide oversight of these organizations?

Bart Lawrence:

We did not bring this to the IRS. It has only come to our attention because of various people or organizations that have tried to receive grants.

Bonnie Matton, President, Wild Horse Preservation League, Dayton, Nevada:

I am here to represent myself, our organization, Hidden Valley Wild Horse Protection Fund, Let 'em Run, Virginia Range Wildlife Protection Association, and Least Resistance Training Concepts. The current owner of the wild horse license plate is not transparent. Monies raised by the sale of the plates are not helping to protect and take care of our wild horses. There is no assurance and no accountability. I have tried many times to reach the person who owns Horse Power and have gotten no response; therefore, the organizations above have joined together and are now going to create a new wild horse license plate, making sure that the Virginia Range horses are protected and aided by the sales and the monies raised by this new plate. I know the owner of Horse Power. When it began, it was wonderful. She was so helpful. Since the first day the license plate was allowed, we have had no contact with her. I am here to support A.B. 189 and hope it is passed.

Assemblyman Flores:

I see the language that says what needs to be done in the annual audit report and how, for transparency purposes, that does not go deep enough. Where in this statute are we saying that we cannot go deeper in audit if we wanted to? I read the statute to say that an auditor annually must do a, b, c. I do not see the statute saying that you are not allowed to do d and e. I am trying to understand, if someone has brought up a complaint, why are we not going deeper now?

Assemblyman Wheeler:

There is nothing in statute that says that they can go deeper; therefore, a person running the organization can say that it is not in the statute and is not allowed. It is perfectly within their rights because it is not in statute.

Assemblyman Flores:

Has that happened?

Assemblyman Wheeler:

I have not heard of it going either way.

Assemblywoman Spiegel:

Not being on the Commission for Special License Plates or the Legislative Commission, I do not know if the issue with Horse Power ever came before the Commission and was not acted upon.

Assemblyman Wheeler:

This bill is not about one plate. I know it sounded like it because that is what the complaints were about. This bill is about all plates. What has been singled out is just that one plate. I have personally received three complaints about Horse Power. I have not taken it any further because Horse Power is currently in compliance with all audit conditions.

Assemblyman Jones:

Do you know of any other plates that people are complaining about?

Assemblyman Wheeler:

Yes, I do.

Bonnie Matton:

I get complaints quite often that people have tried to reach them for grants. It says on their website that there are no grants available. There is money there for these wild horses and for the nonprofit organizations, but we cannot reach a person in charge

Vice Chair Dickman:

Are there any more questions? [There were none.] Is there testimony in opposition to Assembly Bill 189. [There was none.] Is there anyone wishing to testify as neutral? [There was no one.] Are there any closing remarks? [Assemblyman Wheeler had none.]

[Assemblyman Wheeler reassumed the Chair.]

Chair Wheeler:

I will close the hearing on A.B. 189, and open the floor to public comment. [There was none.] Is there any further Committee business that needs to be discussed by anyone on the Committee? [There was none.] We will adjourn today's hearing [at 4:32 p.m.].

[The Chair asked that a letter in support of Assembly Bill 143 be included: a letter from the National Association of Mutual Insurance Companies ([Exhibit J](#)) is on the Nevada Electronic Legislative Information System (NELIS).]

[The Chair asked that a letter in support of Assembly Bill 189 be included: a letter from Willis Lamm ([Exhibit K](#)) is on NELIS.]

RESPECTFULLY SUBMITTED:

RESPECTFULLY SUBMITTED:

Joan Waldock
Transcribing Secretary

Henri Stone
Recording Secretary

APPROVED BY:

Assemblyman Jim Wheeler, Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Committee on Transportation</u>			
Date: <u>March 10, 2015</u>		Time of Meeting: <u>3:20 p.m.</u>	
Bill	Exhibit	Witness/Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 143	C	Charlene Frost, Private Citizen, Las Vegas, Nevada	Sample electronic insurance card
A.B. 143	D	Robert L. Compan, Farmers Group In.	Letter in support
A.B. 143	E	Lt. Eric Spratley, Washoe County Sheriff's Office	Proposed amendment
A.B. 143	F	Mark Sektnam, Property Casualty Insurers Association of America	Letter in support
A.B. 189	G	Michelle L. Van Geel, Committee Policy Analyst	Suggested amendment
A.B. 189	H	Sheila Schwadel, Pine Nut Wild Horse Advocates	Testimony in support
A.B. 189	I	Bart Lawrence, National Wild Horse Center, Inc.	Testimony in support
A.B. 143	J	Christian John Rataj, Esq., National Association of Mutual Insurance Companies	Letter in support
A.B. 189	K	Willis Lamm, Private Citizen, Stagecoach, Nevada	Letter in support