

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

**Seventy-Ninth Session
March 21, 2017**

The Committee on Transportation was called to order by Chairman Richard Carrillo at 3:20 p.m. on Tuesday, March 21, 2017, 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/79th2017.

COMMITTEE MEMBERS PRESENT:

Assemblyman Richard Carrillo, Chairman
Assemblywoman Ellen B. Spiegel, Vice Chair
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman John Ellison
Assemblyman Ozzie Fumo
Assemblyman Richard McArthur
Assemblywoman Daniele Monroe-Moreno
Assemblyman Michael C. Sprinkle
Assemblyman Justin Watkins
Assemblyman Jim Wheeler
Assemblywoman Melissa Woodbury

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Jann Stinnesbeck, Committee Policy Analyst
Joan Waldock, Committee Secretary
Janet Jones, Committee Secretary
Melissa Loomis, Committee Assistant



OTHERS PRESENT:

Andy MacKay, Executive Director, Nevada Franchised Auto Dealers Association
John Sande IV, representing Nevada Franchised Auto Dealers Association
David Shipman, Service Director, Champion Chevrolet, Reno, Nevada
Jeff Leathers, Service Director, Bill Pearce BMW, Reno, Nevada
Don Hamrick, Secretary/Treasurer, Nevada Franchised Auto Dealers Association
Alfredo Alonso, representing Alliance of Automobile Manufacturers
Curt Augustine, Director of Policy and Government Affairs, Alliance of Automobile Manufacturers, Sacramento, California
Ross G. Good, Senior Manager, External Affairs State Relations, FCA US LLC, Sacramento, California
Jude Hurin, Administrator, Division of Management Services and Programs, Department of Motor Vehicles
Sean P. McDonald, Administrator, Division of Central Services and Records, Department of Motor Vehicles
Terry Graves, representing Nevada Trucking Association
Dennis Belcourt, Private Citizen, Reno, Nevada
Robson Sigrah, Private Citizen, Reno, Nevada
Lawrence Meeker, Private Citizen, Carson City, Nevada
Mayumi Albert, Private Citizen, Reno, Nevada

Chairman Carrillo:

[Roll was called.] We will take our meeting out of order. We have members in committee in the adjoining room, and we have one member who will be presenting a bill, so we will have our work session first. [Committee protocols and rules were explained.] Before I open the work session, I want to remind Committee members that the work session is not a rehearing of the bill. Mr. Stinnesbeck will walk us through the work session document ([Exhibit C](#)). We will now begin our work session on [Assembly Bill 11](#).

[Assembly Bill 11](#): Revises provisions governing the operation of unmanned aerial vehicles. (BDR 44-137)

Jann Stinnesbeck:

[Assembly Bill 11](#) revises provisions governing the operation of unmanned aerial vehicles. It was heard in this Committee on March 9, 2017. The bill expands the definition of "critical facility" to prohibit the operation of an unmanned aerial vehicle within certain distances of a transmission line that is owned, operated, inspected, maintained, or repaired in whole or in part by the Colorado River Commission of Nevada. There are no amendments to this bill.

Chairman Carrillo:

Are there any questions from members? [There were none.]

ASSEMBLYMAN WHEELER MADE A MOTION TO DO PASS
ASSEMBLY BILL 11.

ASSEMBLYMAN ELLISON SECONDED THE MOTION.

Is there any discussion on the motion?

Assemblywoman Spiegel:

I still have questions about the bill. I am willing to discuss them with the bill sponsor. I will vote to move this out of Committee, but I reserve my right to change my vote on the Assembly floor.

Chairman Carrillo:

Are there questions from any other members? [There were none.] Is there any discussion on the motion? [There was none.]

THE MOTION PASSED UNANIMOUSLY.

I will assign the floor statement to Assemblyman Wheeler. We will close the work session on A.B. 11. Because one of the bill sponsors has another engagement at 5:30 p.m., we will open the hearing on Assembly Bill 248.

Assembly Bill 248: Revises provisions governing unfair acts or practices relating to vehicle dealers. (BDR 43-877)

Assemblyman John Ellison, Assembly District No. 33:

I am here to present Assembly Bill 248 for your consideration. With me today is Andy MacKay from the Nevada Franchised Auto Dealers Association. He is here to help present the bill.

First, I will give you the reason for the bill. Today, the majority of the vehicles sold include complimentary oil changes, tire rotations, and other services to vehicle buyers, similar to warranty and recall repairs. Dealers are required to perform these maintenance programs at the direction of the vehicle manufacturers. While manufacturers are required to compensate dealers for all mandatory service that dealers provide, they oftentimes reimburse below the current retail rate. Further, manufacturers of vehicles are steadily increasing training requirements for dealers and service technicians. If the service technician is not trained at a certain level set by the manufacturer, the dealer is not compensated for the performed warranty or recall repair work. In order to reach these mandatory training levels, dealers have to send their service technicians and trainees to seminars or schools. This often costs dealers thousands of dollars for travel, wages, and lost production time.

Current law does not specifically require that vehicle manufacturers pay dealers at a retail rate for the services they provide. Further, current law does not list manufacturer-mandated training as a reimbursement expense for dealership service technicians. These are unfair practices toward vehicle dealers. Assembly Bill 248 would clarify defined work performed by a dealer, pursuant to a service or maintenance agreement, is to be reimbursed at retail rate. Additionally, it would aid dealers in response to increasing costs relative to the training of the other service technicians. In short, this bill further clarifies existing law in respect to a manufacturer's obligation to fairly compensate dealers for the work they are required to perform, as well as reimbursement for expenses incurred in mandated training of service technicians by vehicle manufacturers.

We will now briefly walk through A.B. 248. This bill amends *Nevada Revised Statutes* (NRS) 482.36385 by adding a manufacturer's service and maintenance agreements to the existing provision governing a manufacturer's warranty agreement. This bill also makes it an unfair practice for a manufacturer or distributor to fail to compensate a dealer for reasonable travel related to expenses necessary for a dealer to send employees to attend certain repair services and warranty training required by the manufacturer or distributor.

Mr. Chairman, I had seven recalls on two vehicles in last three or four years. On one of the vehicles, a Jeep Grand Cherokee, it took two years to get the warranty work done. When we talked to the manufacturer, we were told to take the car 125 miles in each direction to get the car repaired because the parts were not available locally. The dealer we took the car to kept putting us off, saying there was no way they could get these parts in, because only a limited number had been manufactured for a limited number of dealers. I had two recalls on my Ford Mustang and three on my Grand Cherokee within six months of each other. I am hoping today that Mr. MacKay can address some of the issues pertaining to this. If I work for somebody, I want to be compensated for my services. If I have to send someone for special training, I think they should be compensated. Mr. MacKay will walk through the bill and some of the issues that affect this bill.

Andy MacKay, Executive Director, Nevada Franchised Auto Dealers Association:

We are the retail trade association that represents 109 separate light car, light truck, and heavy-duty truck sellers in the state of Nevada. Thank you for your time in meeting with me or representatives of my organization to discuss A.B. 248. I would be remiss if I did not also acknowledge a meeting with Alfredo Alonso, representing the Alliance of Automobile Manufacturers, prior to the hearing. He will be providing testimony later, but not in a full-throated endorsement of this bill.

What this bill contemplates is quite simple. Although it is delineated in one section, there are two key provisions of this bill. I would like to hit on those. Assemblyman Ellison alluded to them. The first is with respect to service and maintenance agreements. It is important to put some context as to why we are here. Nevada law requires that manufacturers reimburse automobile dealers at retail rates for work related to warranty and recall work. The public policy is pretty sound. That is, if you have two cars come in simultaneously to the service bay—one is under warranty and one is not—whose car is going to be serviced first if one

is being paid at a retail rate and the other is not? The services that we believe should incur retail rate compensation are those relating to mandatory service programs the manufacturer provides at the time you buy a car.

For instance, I bought a new truck. As part of the deal, I received four complimentary lube, oil, filter, and tire rotations over the next two years. The dealer has to perform those services. What we are running into is that compensation for those services from the manufacturer to dealer is not being paid at a retail rate. Often the compensation the dealer receives is barely enough to cover the hard costs associated with the service. We have some individuals representing some auto dealers in Nevada who will be able to shed some light on that.

As I indicated, this bill could qualify as a consumer protection bill. If a dealer is not being compensated at a rate that makes him any money, will he realistically be able to provide the services, even though they are mandated pursuant to the franchise agreement with the manufacturer? You will hear some pretty big numbers in terms of these costs. One of our witnesses is going to say that the manufacturer said they would compensate the dealer at retail rate as long as Nevada statute is abundantly clear that it permits said reimbursement.

The other provision is with respect to technician training. I want to be clear on this. Technician training is related to safety. I think I am speaking on behalf of all of my dealers and the manufacturers when I say that we want nothing more than to have safe vehicles on the road. The problem is that as vehicles become more advanced, the requisite training and the requirements from the manufacturers are ever increasing. The availability of said training is becoming less and less. What is ultimately occurring is there is an increase in the training requirements—manufacturers dictate that the auto dealers have all their technicians trained at certain levels or the reimbursement for warranty and recall work is reduced. In order to meet these training requirements, our dealers are having to fly their technicians to other areas, paying for airfare, rooms, and so forth. One of our dealers in northern Nevada spent nearly \$118,000 last year alone on these expenses. That is a lot of money. Coupled with that is the fact that our members have offered to have those trainers flown to their respective service centers in order to do the training onsite—to pay for the travel, room, and board for the trainers. They have been rebuffed. It is worth mentioning that I had a conversation this morning with Mr. Alonso. It appears we may make some headway in the area of increasing availability of training. I do not want to put words in his mouth, but it looks as if there is light at the end of the tunnel.

There was a letter from Global Automakers that was sent to the Committee yesterday afternoon. It alluded to the fact that we did not reach out to them. That is 100 percent correct. It is worth providing context as to why we did not. Global Automakers does not have a presence in Nevada with respect to advocacy to the Legislature. We had no one to contact here. We have had discussions with the Alliance of Automobile Manufacturers. I intend to reach out to Global Automakers. You have my commitment on that. At the conclusion of their letter, they indicated they would fully support a proposed amendment to trigger the reimbursement of travel expenses if travel is in excess of 100 miles. We find that

proposal perfectly acceptable. These numbers are somewhat mindboggling to me. The dealer who spent nearly \$180,000 in training last year indicated to me that in the region in which they operate, there were 1,100 new technicians that came to work at dealerships. There was only one trainer available to train them. That is why we are here. Mr. Chairman, I am open to questions from the Committee. We also have additional witnesses who can share some experiences regarding these two issues.

Assemblyman Ellison:

I would like to add one thing. I keep my door open. I did not speak with Global Automakers; neither did they call or contact me. They said they would be willing to sit down and talk to us, to negotiate something, but they have not done that. I think that is a two-way street, but I did not know who they were at the time I received this letter. They should have reached out and tried to discuss the bill, but they did not.

Chairman Carrillo:

There are Committee members who have questions.

Assemblyman Watkins:

I have a general question for you. The first thing I think of when I look at this bill is why are we involved in these types of contracts? I am sure there is some history for it, but I do not know what it is. Can you give me a snapshot of how we got so far along the way that the Legislature has such involvement in private contracts?

Andy MacKay:

The franchise model is over 100 years old. In the 1930s, states started regulating this activity in order to level the playing field, as you had companies in Detroit that exerted significant control over their dealer network. When you look at reimbursement at retail rates for warranty and recall work, Nevada is not unique in having this in statute—there are 40 other states that have similar laws. The dealership system works quite well for the manufacturer and for consumers. It works well for the manufacturer because for them to oversee 2,800 company-owned stores would be a monstrous undertaking. Consumers have locally-owned businesses that can fight for them to make sure warranty or recall work is taken care of. So, this type of law has been around for decades. I do not think legislators are recognized enough for this. Nevada's franchise model, from a statutory standpoint, is very good. Many states have followed suit with what Nevada has done in the past.

Assemblyman Watkins:

Assuming that we have a public policy of being involved in these contracts, as a business owner I realize that sometimes I have some buckets that are loss leaders. I deal in this bucket, and it does not make me any money, but it provides more of an opportunity for my other bucket that does make me money. If this bucket happens to be "equal to" or "about equal to" the hard costs, but provides you the ability to sell vehicles and to have more customers in your store, why would we want to jump into each of these buckets and regulate them in a vacuum and not look overall at, does the dealer make money or not?

Andy MacKay:

That is a fair question. I think that when you hear from the witnesses, it will provide some context in terms of the grinding that occurs relative to some of these programs. My members are not averse to making sure they have skin in the game. These are multimillion dollar facilities, and they pay very, very good wages—the average wage at an auto dealership is about \$66,000 per employee. While they are not averse to absorbing some of these costs, the point is that when it is mandated, and mandated, and mandated and you spend \$118,000 in training costs, that is a tough nut to crack. You will hear testimony from some of our members that will shed light on that.

Assemblyman Ellison:

There are only so many ways you can cut a pie. If I tell you that I am going to start taking more of the pie, that you have to take it out of your own pocket, eventually something breaks. That is what is happening. These guys are working diligently to get cars out because they have to keep customers happy, but that pile of money is shrinking. They are not making enough on the repairs, because the price they are reimbursed is decreasing. That is how I look at this. If I were in that business, I would want to be compensated at least so much on a dollar versus it being choked down to nothing.

Assemblyman Sprinkle:

Did I understand correctly that incentives that are offered by the manufacturer for service and maintenance must be offered at the dealer level? As a dealer, you do not have a choice as to whether or not that incentive is going to be offered to potential consumers. Is that correct?

Andy MacKay:

That is not necessarily true of incentives. Certain incentives are offered to dealers. You see them all the time when you open the newspaper or turn on the television. You will see an offer of \$2,500 in dealer cash—these are incentives that are facilitated in cooperation with the manufacturer. Sometimes those programs are optional. Some of the offers are listed on the sticker—two free oil changes per year. Those are services the dealer is required to do. Incentives are slightly different than what we are talking about.

Assemblyman Sprinkle:

That is not how this bill was initially explained to me. These oil changes were incentives to get people to buy a car. To me, that is an incentive to get someone to buy a car. I am asking, if that is coming from the manufacturer, does the dealer have to honor that?

Andy MacKay:

Yes.

Assemblyman Sprinkle:

That answers my first question. Please try to explain to me why payment for travel for training is in any way, shape, or form a matter that the Legislature should be dealing with. This seems to be an internal affair within your industry. Please explain to me why, as legislators, we should be anywhere near this issue.

Andy MacKay:

That is a fair question. The manufacturer holds all the cards. In order to be able to perform warranty or recall work, the manufacturer mandates that training levels have to comply with a certain standard. When the manufacturer mandates these training levels and will not compensate the dealer at retail rates if you have not achieved them, but gives fewer training options so that you have to fly your service technicians to Seattle or wherever the class may be and you have to pay room, board, airfare, lost production time—it is our position that this does fall squarely with the Legislature. I think you and I disagree on that. You were clear on that in our meeting. That is precisely why we are here. This is a dictum from the manufacturer that costs a ton of money. If dealers do not meet these training requirements, not only is compensation an issue, but there is also potential for adverse customer satisfaction ratings that are reflected in dealer performance measures. That is why we are here, sir.

Assemblyman Sprinkle:

Can we take it back a step? When an individual, group, or company first decides to be a franchise dealer for a major manufacturer, can these sorts of things be negotiated in the contract? Is this the sort of thing that is agreed upon initially, before the franchise dealer signs on the bottom line?

Andy MacKay:

Do you mean with respect to maintaining training levels?

Assemblyman Sprinkle:

Yes.

Andy MacKay:

Yes, it is part of the deal. In order to sell the vehicles, you have to represent the brand. You have the ability to perform warranty and recall work. That is absolutely an expectation. The reality is that in order to do this, it is becoming more difficult for the dealers because of lack of training opportunities—when you look at the 1,100 new technicians with only 1 trainer, coupled with the significant costs with getting service technicians trained. Yes, there is an expectation. But I do not think the expectation is that the dealer is going to be ground to the tune of \$118,000.

Assemblyman Ellison:

I think you are right in many ways, but this is my take on recall work. If I get a recall notice, I need to take my vehicle to a dealer. The dealer tells me this is on a ten-speed transmission. The dealer does not know whether to take apart the existing transmission to repair it or to take it out to replace it. The dealership is in a warranty situation with something they have never seen before. They will have to get the parts, or go do the training and come back to train others out of their own pocket. They might be paid something, but recall-notice work is different than warranty work, in my opinion. The difference between complimentary oil changes or tire rotations and recall work that requires further training is great. Cars change

so much over the years. When you get into specialty items that have been recalled, someone has to be trained to do the work, or they have to ship replacement parts. I think recalls are a big problem and the expense is falling onto the dealers.

Assemblyman Wheeler:

I was going to ask basically what Assemblyman Sprinkle asked—are dealers forced to do the work, then not getting paid for it? I think that question has been answered.

Assemblywoman Monroe-Moreno:

Even after your answer to Assemblyman Sprinkle, I am having a hard time understanding the problem. If you own a business and enter into a contract with the manufacturer, over the years can you renegotiate that contract? I do not know. When it comes to training, you have employees that you are required to train—which is part of the cost of doing business in any industry. It is usually incumbent upon the owner of that business to make sure the employees are trained. To stay in compliance with your agreement with the manufacturer, you have a responsibility to the consumers to whom you sell cars and to the contract you have with the manufacturer to make sure your employees are properly trained to service the vehicles you sold. Please explain to me why the manufacturer should be responsible to pay you to train your employees.

Andy MacKay:

We are asking that manufacturers reimburse dealers for travel expenses associated with the training. Our position is that we are willing to bear some of these costs, but there are significant travel expenses incurred in meeting these training requirements. Our dealers have offered to fly their trainers to their service centers to do the training. The problem is that training opportunities are decreasing and costs are steadily increasing.

John Sande IV, representing Nevada Franchised Auto Dealers Association:

All of these questions are getting to the same root—why are these small businesses asking for another business to reimburse them for anything when that should be part of the cost of doing business? I think that goes to the heart of Chapter 482 of the *Nevada Revised Statutes* (NRS) and the need for the franchise system in the first place. The relationship between the manufacturer and the dealer is symbiotic—it is a vertically integrated system that goes from producing a product and getting it to the consumer, then making sure the consumer's product stays within its warranty for the time you guaranteed.

The dealer plays an important role in that, as does the manufacturer. Everybody benefits from training—the manufacturer receives a benefit if the dealer's technicians are adequately trained because when a customer of theirs comes, the car gets fixed correctly the first time, and it works through warranty period and beyond. I had a car that got over 150,000 miles. I now have some loyalty to that manufacturer because I think they make a good product. The same sort of things happens with the dealer. You buy a car from the dealer. You take it in, and they service it. They do a great job with it. The dealer benefits from having technicians trained correctly.

The problem we are seeing now is that even though both sides benefit from this relationship, the dealers are bearing all the costs of the training. The dealers have to send their technicians to the place the manufacturer specifies. They have to pay costs out of pocket, for food and hotel rooms. The manufacturer mandates when and where those training sessions are held. We are asking that you recognize this and the unequal bargaining power between a manufacturer and a small dealer and say that the training costs be split somehow since both of them benefit from it.

Assemblywoman Monroe-Moreno:

Have there been any attempts to make agreements with the manufacturers that training centers be spread out across the country in order to make things more equitable? I know a few mechanics. I know that sometimes you cannot go to a site to do training because the equipment necessary might be too large and cumbersome to travel. Have there been attempts to work this out without changing legislation?

John Sande:

There have been. As Mr. MacKay testified, and as some dealers will testify, dealers have reached out to manufacturers on an individual basis, trying to seek a solution or a middle ground. They have not progressed far enough in those conversations—that is why we are here today. A letter submitted in opposition to this bill has offered a potential solution we are very interested in. We will follow up with them.

Assemblyman Fumo:

My question is a follow-up to Assemblyman Watkins' and Assemblyman Sprinkle's questions. Is this not a business decision that was made when entering into the contract with the manufacturer? How onerous is it? Are auto dealers in a situation where there is a recall of a computer chip that must be replaced and the manufacturers will offer one class next week in New York, and you have one week to fly out there? Or do the manufacturers give you options? You can go to New York, Seattle, or get the training by webinar. Are there other options you can pursue, or is it a matter of take it or leave it; you do it at this time, or you will not be compensated for this part forever?

John Sande:

You used a very specific hypothetical situation. It could be that certain training would be required related to a recall. I do not want to misrepresent myself or anybody by saying that I know this to be a fact. Maybe one of the auto dealers can testify to that later. Every year the automobile computers become more technical. The parts and the tools used become more sophisticated. The training is very important—we all agree with that. We want to make sure that our technicians are up to speed on everything. To your point, I think the options for training classes are more limited. Dealers might have to send employees to New York or to Seattle. If you had to send them to Las Vegas, that would not be a big deal; the costs are less. That makes sense if the manufacturers have more options, and it might be a way to split the costs.

Assemblyman Fumo:

That is the question I have—are you given options? Can you do a webinar instead of going to a training location, or is it mandatory to travel to a specific seminar for the training?

John Sande:

I do not think it is as strict as a single opportunity; I think there are some options. Unfortunately, the options are not making it cost-effective for our dealers.

Assemblyman Fumo:

Do you have the option to opt out of the training and allow the competition to take over the warranty or recall work?

Andy MacKay:

Theoretically, a dealer could say they were not going to do any training, but that would be a fool's errand. Then you would be precluded from doing any service work, specifically recall and warranty work. Cars are now very advanced. Manufacturers want to make sure that if a warranty repair is being performed, it is being performed by a service technician who is adequately trained.

John Sande:

The other issue is one Mr. MacKay mentioned earlier. If your technicians do not have the training that is required, the manufacturer will frequently not reimburse you for the work that was done.

Assemblyman Wheeler:

I have been thinking about some of the questions that have come up regarding contracts—whether certain things should be part of the deal. I know that we have some dealers here in the north that have been in business for 30, 40, or 50 years—long before there were ever incentives on vehicles, long before there were ever maintenance contracts on vehicles. If we do not get involved in the way we get involved in minimum wages—is this not the responsibility of this body when the contract does not cover it?

John Sande:

Regarding NRS Chapter 482 and other industries similar to the automotive industry, I think it is nice to take a fresh look, in light of the current circumstances, to evaluate the laws and what is out there. I would agree that these vehicles are getting so much more advanced, and many of the things we are offering were never contemplated even five to ten years ago. Yes, I do think this is a time to reevaluate these issues.

Assemblyman Ellison:

When I worked on these vehicles, we used to use duct tape and baling wire. Now, they have to pull the cabs off the trucks just to work on them. The sophistication of the vehicles has changed dramatically. What these cars can do is unbelievable. Times have changed, but this issue has never caught up. I am hoping we can get this bill out, and recommendations can be made through amendments to address these concerns.

Chairman Carrillo:

Are there questions from any other members? [There were none.] Is there any sort of reimbursement to dealers for training costs? There must be a fee for the class—is that fee per person, or is it split by the number of people in the class? Would you just pay for flights, accommodations, and expenses? How are the costs broken down?

Andy MacKay:

In reference to the dealer who spent \$118,000 for training in 2016, are you asking for the breakdown on those costs?

Chairman Carrillo:

Does the manufacturer pay for the schooling? Do the dealers pay only the employees' expenses, or do they pay for the training as well? I know there is web-based training. There are some classes that require employees be flown to New York or California for training. Does the manufacturer charge dealers for the actual training?

Andy MacKay:

The one word answer would be all. There are certain fees—tuition, so to speak—that dealers will pay. They pay for travel and incidental costs. Our witnesses will be better able to tell you what some of those specific costs are.

Chairman Carrillo:

Would you like to start bringing your witnesses up before we ask any more questions in this regard?

David Shipman, Service Director, Champion Chevrolet, Reno, Nevada:

Thank you for allowing me to speak to you.

Jeff Leathers, Service Director, Bill Pearce BMW, Reno, Nevada:

Mr. Chairman and Committee members, thank you for your time. Bill Pearce Motors represents BMW, Porsche, Mini, and Volvo.

Chairman Carrillo:

Are there any questions for these gentlemen? [There were none.] Could you give us an example of a new car or a new transmission that has come out that requires training in order for your technicians to do warranty repairs? Do the manufacturers give you a laundry list of things that need to be covered for that particular car, and you have to decide how to do the training? Can some of this be web-based training? Does some of it require hands-on, so that you have to fly out to the training because you will tear into certain parts of the vehicle? Who is paying for what? Do you pay the manufacturer a specified amount per employee for training? Could you break down how the expenses are assigned?

David Shipman:

The dealership pays a monthly fee to General Motors for training courses. The courses can be hands-on, web-based, or virtual classroom training. Virtual classroom training has

an instructor teaching a class over the Internet, generally for 1.5 to 2 hours. We are looking at the extensive training that is required when General Motors launches a new product. General Motors stipulates the number of technicians that must be trained on that particular vehicle when the vehicle is released. The number is determined by the size of the dealership and the area of sales; there is an equation that General Motors uses.

Your question regarding the transmission—that would require hands-on training; it cannot be done in a web-based class or virtual training. They want technicians to come down, take the transmission apart, and put it back together in a classroom. To ship a transmission, we would have to buy a new transmission in order to take one apart. General Motors would want that back because they would not want us to put it back in a car that has what is classified as a new transmission.

To break down the costs—we pay for our flights. General Motors provides six regional training centers throughout the nation. Our closest one is in Los Angeles. In order for my dealership to send a technician to Los Angeles, we must pay for the flight, a rental car, meals, and the technician's hourly rate for training. That is all included in the expense we would look to have the manufacturer participate in. The monthly fee the manufacturer charges the dealership to put the training together is mostly used for the web-based and virtual classroom training. It is also used to pay Raytheon Professional Services, a subcontractor General Motors uses to do the training.

Jeff Leathers:

With regards to the training, as an example, for a new model car from Porsche North America, the dealership is not even given a car until training has been completed. The training will be held on a certain date, at a certain time. We must meet that requirement, or we will not be allowed to service the vehicle or be reimbursed for it or even sell it. Within that time frame, we are expected to have a technician do online training. We then fly him to the hands-on class. We pay him for his time while he is at the class. Meanwhile, we are expected to maintain the same level of customer service and repair for all other customers while that technician is gone, and to absorb any loss of labor.

Chairman Carrillo:

We will take questions from Committee members.

Assemblyman Fumo:

From what I understand you to have said, virtual training is available. It is not mandatory that your technician go to the training location.

David Shipman:

That is correct. There are different levels of training, depending on the level of training being required for the product.

Assemblyman Fumo:

Some classes must be taken at a specific location.

David Shipman:

Correct.

Assemblyman Fumo:

Does General Motors or Porsche tell you how much you can charge for labor and parts?

David Shipman:

General Motors does not tell us what we can charge for labor or for parts. Based on the economy in different parts of the country, dealers in a region will determine what the posted labor rates are. General Motors sells us parts at a price they set. There is a calculation we put together nationally to get our parts at list price.

Assemblyman Fumo:

Is there a national price that everyone charges for labor, or can you charge a different rate than your counterpart across the street?

David Shipman:

Labor rates can be different from your counterpart's.

Assemblyman Fumo:

That is my problem. Are we legislating contracts between you and the manufacturer if you can make up that cost in your labor rate? I am worried that next session consumer groups will come back and say that we need to limit auto dealers to charge 2 percent above the rate they pay employees because they think it is unfair that they have to pay such a high labor rate. I do not want to get into the business of regulating business. That is my concern with this bill.

David Shipman:

The manufacturer does stipulate what they are going to pay us on warranty repairs; however, they do not stipulate what we charge our retail customers. From the manufacturer's standpoint, they tell us what they are going to pay us.

Assemblyman Watkins:

It seems that the argument here is that dealers are being taken advantage of under the existing contracts. Are you aware of any dealer who has taken this issue to court to say that the contract is not being performed in good faith; that the manufacturers are not paying for training when they should be; the manufacturer should honor dealership offers to fly the trainer out; or that manufacturers are acting in bad faith under the existing contract? Has anyone challenged this in court?

Andy MacKay:

I do not know the answer to that. I know there has been litigation between members of the Nevada Franchised Auto Dealers Association and manufacturers regarding compensation levels relating to warranty and recall work. There has been litigation and mediation. Relating to the training component, I do not know the answer.

Assemblyman Watkins:

I have a hard time understanding why we would create a floor on your profits, making sure they never fall below a certain level, and why we, as a legislative body, would protect your contractual relationship with the dealer to ensure you do not lose out on profits, but not provide a corresponding ceiling. You are asking the Legislature to step in and protect dealers. Usually that comes with some sort of give on the other side, which is that profits are dictated or there is some sort of consumer protection. There is usually some payback to the taxpayer for our stepping in to protect businesses in contractual relationships. Am I missing something? Is there something like that which already exists—where the taxpayer is getting something back for this "ask?"

Andy MacKay:

We are not asking this body to guarantee a floor with respect to profitability. What we are asking this body to do is to consider costs that are completely outside the dealers' control, and are mandated by the manufacturer, so that the dealers might have recourse to offset some of these costs. When you look at sales tax generated by new and used car sales in the state, they are right there at the top in terms of the amount of revenue generated—Nevada business tax, commerce tax, and so on and so forth. We are not averse to paying our taxes and our fair share.

Chairman Carrillo:

Are there any other questions from Committee members? [There were none.] Do you have anyone else wishing to testify on behalf of this bill?

Andy MacKay:

I am not sure. Mr. Leathers may have some additional comments he wants to make regarding the service and maintenance components. Our witness in Las Vegas, Mr. Don Hamrick, has some comments to make.

Chairman Carrillo:

Are they testifying to the bill, or making comments in support?

Andy MacKay:

I think it is a little bit of both.

Don Hamrick, Secretary/Treasurer, Nevada Franchised Auto Dealers Association:

I am the General Manager of Chapman Automotive Group in Las Vegas, Nevada. Thank you for the opportunity to speak to you today on the necessity of A.B. 248. Currently, all manufacturers engage in some form of "cost shifting." That is, they create requirements that their franchised dealers must meet in order to earn what is already promised to them in their respective franchise agreements, and what is also guaranteed to them by Nevada state laws. Assembly Bill 248 seeks to level the playing field while making it more difficult for manufacturers to unfairly make demands of their dealers, while holding the threat of discriminatory reimbursement over the dealers' heads.

In short, where the manufacturer, at their sole discretion, determines that a level of training is required to adequately perform a repair, training needs to be made readily available to the dealers' personnel. Currently, manufacturers set up training in areas far away from Nevada's dealers. Flights, accommodations, and per diems need to be paid. The technicians receive pay while they are away from the dealership. The dealership suffers additional hardship as those hours of labor are lost, because the technician cannot be performing repairs on customers' cars at the facility. Assembly Bill 248 looks to right that wrong.

Additionally, manufacturers are responding in competitive environments with more inducements to customers. One such inducement is the offer of maintenance for a period of time after a vehicle is purchased. While warranty repairs performed by the dealer are required by state statute to be reimbursed at normal retail rates to the dealer for parts and labor, these maintenance services have somehow found themselves outside of that scope. Dealers are required to perform these maintenance items at reduced reimbursement rates in a further cost-shifting maneuver by the manufacturers. Again, A.B. 248 addresses this by requiring that manufacturers treat their franchisees properly as relates to a fair reimbursement for these services.

Chairman Carrillo:

We will move on to testimony in support of A.B. 248.

Jeff Leathers:

I have presented to the Committee some paperwork regarding conversations between Bill Pearce Motors and BMW of North America. [Legislative Counsel Bureau staff determined that without more information regarding authorship and copyright permission, it would be inadvisable to post this content as an exhibit.] In January of 2016, a bulletin released by the manufacturer stated that they would no longer pay retail rate for maintenance repair. They specifically stated that, if the state allowed it or had it in statute, they would reimburse us accordingly. At that time, I wrote a letter to the warranty department asking for further clarification and explanation, given the fact that they had always reimbursed the same way based on our state, and the fact that we have a retail rate law already on the books. I was given a reply that we would be paid 40 percent of our retail rate because the state does not specifically address maintenance in its law. However, I have also provided for you copies of the claim preparation that explain that maintenance is treated just like a warranty for processing to the manufacturer.

I have also provided specific examples in which they state this is subject to audit, just like the warranty claim, and charged back to the dealership if not properly handled, just like a warranty claim. On the one hand, we are told that maintenance work is not the same as warranty work, and we will not be reimbursed the same way. On the other hand, it is being audited and treated as such. This is starting to spread to other manufacturers. Porsche is now requiring that the dealership sell the maintenance program to no less than 20 percent of

its customers, or there will be a financial penalty to the dealership. On top of maintenance, we are now being told that the labor reimbursement will be at lower percentage than the published rate in the warranty time guide. This continues to erode the reimbursement process.

Chairman Carrillo:

Are there any others to testify? If not, we will move to accepting testimony in support of the bill.

Andy MacKay:

That concludes our witnesses and those testifying in support of the bill.

Chairman Carrillo:

Is there anyone else in support of Assembly Bill 248 in southern Nevada? [There was no one.] Is there anyone in northern Nevada wishing to speak in support? [There was no one.] Is there anyone wishing to testify as neutral in southern Nevada? [There was no one.] Is there anyone neutral in northern Nevada? [There was no one.] Is there opposition in southern Nevada? [There was none.] Is there opposition in northern Nevada?

Alfredo Alonso, representing Alliance of Automobile Manufacturers:

We oppose A.B. 248 for many of the reasons you may have heard already. What you have before you is a bill that is trying to hit a fly with a sledgehammer. I think there are many solutions to this that the gentlemen sitting next to me may be able to discuss.

To alert you to one issue of significant concern, you are making these practices unfair trade practices under NRS Chapter 482, putting them under the Office of the Attorney General's purview. If you want to follow that line of reasoning, imagine a situation in which a reimbursement is unreasonable, and the dealer believes it to be unreasonable because the technician may have stayed at a hotel that the employer thinks is more expensive than it should be. They would be subject to an unfair trade practice. It is a fairly draconian measure to solve a problem that could be resolved by getting people together. In many cases, these are one manufacturer or one dealer issues. Mr. Augustine and Mr. Good can shed some light on this.

Curt Augustine, Director of Policy and Government Affairs, Alliance of Automobile Manufacturers, Sacramento, California:

The Alliance of Automobile Manufacturers is made up of 12 of the major auto manufacturers around the world: the 3 American companies, 6 European companies, and 3 Japanese companies. We represent approximately 70 percent of the automobiles sold in the United States.

While the dealers are obviously our business partners, we disagree with the points of this bill. We are a little perplexed as to how it has gotten this far. Our association works with the National Automobile Dealers Association and the automobile dealers associations of all the 50 states to try to reach some agreement when there are disputes between our member

companies and the dealers. We would all prefer not to be in front of a legislative body on these issues. We had no communication on this issue until the bill was introduced. It is my understanding that this situation is only affecting a few companies. Mr. Good will actually give you some of the details. As we do annually, we implore our dealer partners to come to us so that we can help facilitate a conversation with the individual manufacturers to address these issues.

This bill is unique. There is no other bill, no other law in the country like this. We are concerned about how things have gotten this far and would prefer to have a much healthier working relationship with our dealer partners. There has been a lot of discussion about costs. Let us take a look at the situations with these various costs. There have been allegations that the dealers are not making money; that they are losing money on this type of issue. The retail rate aspect being discussed prompted the question of whether this was just a negotiation between manufacturers. To some degree, that is true. Here in Nevada, this is set in law—the compensation for warranty repair is set for the retail rate the dealer charges. What is in question in this bill is equating the skills of a highly-trained technician with those of someone doing an oil change. We do not believe that a company should be compensated for someone to change the oil at the same rate they are paying their highly-trained technicians to fix that ten-speed transmission. That is what this bill does. That is our dispute—not that the dealer should not be reimbursed for their work, as the entire franchise system is based on that notion.

There was also some discussion about retail rates versus warranty rates not being paid. The very letter that was cited to your Committee earlier says that compensation is at dealer net plus 40 percent profit. It is unclear to me how that is not allowing the dealers to make money. We strongly dispute the notion that current law and system is forcing dealers to work for free and to not be compensated.

The incentives that are being offered for consumers to purchase cars benefit both the manufacturer and the dealer. They are incentives to get customers in the door. There is always a cost of business to do that. This cost of business is being compensated at a fair rate.

The bottom line is that we believe these issues can be worked out. We offer ourselves, as the major manufacturer trade association in the United States, to facilitate discussions between the individual members, as well as on a national level. However, this is a unique bill. We may have an individual, unique problem here in Nevada. We would like the opportunity to work through it.

Chairman Carrillo:

Are there questions from Committee members?

Assemblywoman Monroe-Moreno:

You said that this situation is unique to Nevada. If we passed this bill, we would be the first state to go in that direction. However, sitting behind you are dealers who disagree with you. At some point, there is a failure to communicate between them and you. Perhaps they are

just the first ones to speak up, and this is a problem that exists in other states. I would like to see the manufacturers go back and bridge this communication gap. There obviously is a problem. I do not know that this bill is the remedy.

Curt Augustine:

We would like that opportunity. If things cannot be worked out with our business partners, we will have to proceed to other solutions. I would like to have Mr. Good give you some examples of how these training programs are worked out. I believe that, if the communication links could be established, there would be less need for this type of legislation.

Assemblyman Sprinkle:

It is fair to allow you to answer, on the record, a question I asked an hour ago of the franchise dealers regarding the incentives that are listed on the sticker price to try to get people to buy vehicles. Do you see it the same the same way? The manufacturer puts the maintenance incentives on the sticker, but it is a requirement, regardless of whether the franchise dealers wish to perform the maintenance.

Ross G. Good, Senior Manager, External Affairs State Relations, FCA US LLC, Sacramento, California:

I represent Fiat Chrysler Automobiles. Not all programs are the same. There are some programs manufacturers offer in which dealers can choose to participate; there are some offered by the dealers that are strictly voluntary. There are some that are required, but if they are required of one, they are required of all dealers throughout the state. Not every program is exactly the same. Not all manufacturers offer programs exactly the same. That is part of the problem here—we are speaking in generalities about all dealers when every manufacturer offers programs that are different.

Chairman Carrillo:

Is there anyone else in opposition?

Ross Good:

I would like to point out that we have been speaking in generalities about these training programs. Not all training programs are the same. Fiat Chrysler offers training programs that are web-based at the dealers' home location. Some are Internet-based, allowing communication back and forth with the trainer—these might be held at Auburn Hills [Michigan] or at a training center. Often training is offered at a business center location. The business center that handles Las Vegas is in Phoenix—a fairly short flight for those dealers. There are times that Fiat Chrysler offers training through local community colleges and universities that have auto technician training facilities.

Yes, it is very important sometimes to have face-to-face meetings, particularly when we are dealing with the new high technologies that are being developed. Hybrid and electric cars require special, hands-on training to make sure that repairs are done in a safe and efficient manner. As stated earlier by dealers, the thing that is most important to us is that everyone

goes home to their families safely at night. There are some occasions when hands-on training by trained professionals in a conditioned setting is most appropriate, but that is not every case.

We offer training in a variety of manners, not to say that all manufacturers do that. If there is a best practice that we can share—having learned to do something that is noncompetitive in nature, which would not violate any antitrust rules—that is the type of thing we can work out through the Alliance. First of all, that will require a dialogue. I appreciate that you have encouraged us to have that dialogue with the dealers. Perhaps that will be the best thing to come from this bill. We can have a dialogue with the dealers to find out exactly where the problems are and which manufacturers are having the most difficulty. Maybe there is something that Fiat Chrysler can teach another manufacturer. I look forward to opportunities where we can learn from other manufacturers to deliver our services in a more efficient manner.

You have heard of some difficulties dealers have. There are expenses that come with this contract through which a dealer becomes a franchisee of the manufacturer, but there are some things I would like this Committee to understand about the contract relationship. Automobile franchises are not like a McDonald's or Taco Bell's franchises. We do not charge anything for these franchises. All we have is the contract that says, "Here is what you can expect from us, and here is what we can expect from you." In the end, that is really all we have. When we say that we require trained technicians, that is for protecting the consumer, the manufacturer, and the dealer to make sure that things are handled safely and efficiently. In the end, we rely on that contract.

What we did not hear today is that there are benefits to this contract, too. We are required to send 100 percent of our warranty work to a franchise dealer—we cannot send it out to anybody else. As Mr. Augustine mentioned, it is done at a negotiated retail rate, so we pay the same price that a consumer coming in off the street would pay for these things. As far as service contracts go, I can tell you from Fiat Chrysler's perspective that it is handled exactly the same way any warranty repair would be handled. It may have a different code when it is entered into the system, but the payment is almost immediate and is handled through the same global service system that we use for warranty repairs. Service repair work is done in exactly the same manner as warranty work. If there is a problem with a manufacturer, it would be great to hear about it, so we can help to resolve the problem. To elevate this to the level of a law and to bring your attention to a contract between willing parties seems to be a bit heavy-handed.

Chairman Carrillo:

Is there any other opposition? [There was none.] Is there any neutral testimony in Carson City or in Las Vegas? [There was none.] Does the bill sponsor have a closing statement?

Assemblyman Ellison:

This is how we get things done in this building. We have problems; we have issues. This bill is here in order to get everyone together. I hope the dealers and manufacturers will agree to something that is workable for both parties. By doing that, we might be able to resolve some of these issues.

Andy MacKay:

We will work with the other side on this. I would be remiss if I did not acknowledge Mr. Alonso's and Mr. Augustine's saying that we can come to a resolution on this. I am confident that we will.

Chairman Carrillo:

We will close the hearing on A.B. 248 and open the hearing on Assembly Bill 68.

[Assemblyman Sprinkle assumed the Chair.]

Assembly Bill 68: Revises provisions governing the administration of laws relating to transportation. (BDR 43-223)

Jude Hurin, Administrator, Division of Management Services and Programs, Department of Motor Vehicles:

With me today, also from the Department of Motor Vehicles (DMV), are Sean McDonald, the Administrator of the Division of Central Services and Records, and April Sanborn, our Services Manager with the Division of Management Services and Programs. [Mr. Hurin read his testimony from ([Exhibit D](#))].

Assembly Bill 68 was introduced by DMV as a cleanup bill to address a variety of programs. The original bill was focusing on cleanup language related to records dissemination, autonomous vehicles and other technologies, driver authorization cards, drive schools, and amendments to clean up license fees for those 65 years of age or older.

The Department has also submitted to the Committee an amendment ([Exhibit E](#)) that would remove sections 1 and 16, relating to amendments to our records dissemination language under *Nevada Revised Statutes* (NRS) 481.063, and sections 2 through 8 regarding NRS Chapter 482A for autonomous vehicles, due to an agreement to move forward with language within Assembly Bill 69 under the Office of Economic Development, Office of the Governor.

Seconds 9 and 15 will remain, with the proposed following amendments:

- Section 9 language is intended to further clarify that a person applying for an instruction permit or driver authorization card must provide their full legal name along with their physical and mailing address. This is intended to align with current standard driver's license and identification card requirements.

[Assemblyman Carrillo reassumed the Chair.]

- Section 10 language is allowing the Department to issue a driver's license credential that may not be in color. New security features are available that provide better quality photos that are not in color, and the Department wants to be in a position in the future to have all options available to us when the time comes to redesign our cards.
- Section 11 language allows the Department to inspect each new vehicle within 30 days after it has been initially used by a licensed drive school that the Department regulates. This allows for the inspection of new vehicles at the beginning, which right now the Department only has the authority to conduct annual inspections.
- Section 12 language allows the Department to deny a drive school applicant in addition to the current authority to cancel, suspend, revoke, or refuse to renew a license. In addition, the Department adds three reasons for disqualification to the current four causes, which will provide the necessary requirements to safeguard the integrity of the program.
- Section 13 language cleans up and allows the proper fees to be collected for citizens who are 65 and older applying for an identification (ID) card. The amendment shows the fees for a four-year card and adds the eight-year ID card language and fees that were missing from the previous session amendments.
- Section 14 has clarifying language for an eight-year commercial driver's license under an issuance or renewal transaction.
- Section 15 language changes the term "non-resident" to "limited-term" with regards to commercial vehicle applicants that are from a foreign jurisdiction. The Department would only issue "limited-term" commercial licenses to operators who are from a foreign jurisdiction that complies with the testing and issuance standards contained under the *Code of Federal Regulations*, Title 49, Section 383.23.

This concludes my opening comments. We will be happy to answer any questions.

Chairman Carrillo:

Are there any questions from Committee members?

Assemblyman Sprinkle:

I have a few questions for you. The first regards subsection 11 of section 1. It refers to "private purpose." What is a "private purpose"?

Jude Hurin:

I would have to get clarification on that myself. I do not want to give you any inaccurate information, but I can find out for you what that means.

Assemblyman Sprinkle:

Could you explain in greater detail what "truck platooning technology" is?

Jude Hurin:

Even though this amendment has been stricken, I will explain what truck platooning is. That will be heard under A.B. 69 on Thursday, March 23. Truck platooning is the technology that allows a series of trucks to electronically connect with one another, allowing the first truck to actually be the controlling truck. If you have three trucks with the platooning technology in line, the first truck with that technology can allow other trucks with similar technology to connect to that vehicle. If the first truck brakes, the electronic technology ensures that all the vehicles behind it brake as well. The technology itself is cutting-edge. It does two things—it allows for a reduction in accidents and fatalities because the electronic technology properly aligns and keeps each truck at a safe distance from the other vehicles. It also allows fuel economy savings for each of the trucks. I am sure there will be testimony on that on Thursday. We are working with Daimler Trucks North America and Peloton Technology. This is a great advantage for those companies to actually save a lot of revenue in fuel savings, in addition to the safety aspect of truck platooning. We would like to take a similar approach in A.B. 69, to not only define "platooning," but also to give us authority to work with the industry to create minimum testing requirements like we do today for autonomous vehicles.

Assemblyman Sprinkle:

In my mind, I picture two magnets repelling each other as trucks follow each other.

Jude Hurin:

Platooning keeps the trucks a safe distance apart.

Assemblyman Sprinkle:

In the section dealing with fees, you mention the "fourth anniversary of the person's birthdate." Why do you use this reference to anniversary in the definition?

Jude Hurin:

This is the common language we used in all of our previous statutes regarding the expiration date of a driver's license, ID card, or anything similar. This aligns with that common language, so an individual can renew the license on or near his or her birthday, rather than on the anniversary of the date of issuance. It is easier for us to stay consistent aligning with birthdate.

Assemblyman Sprinkle:

I believe that is similar to what we did last session with the four- and eight-year driver's licenses.

Jude Hurin:

That is correct. By January 2018, we should be finished with this transition to an eight-year card, with the understanding that the four-year card will no longer be available.

Chairman Carrillo:

Are there further questions?

Assemblyman Fumo:

I have a question about section 9, subsection 1, paragraph (d). I have people ask me whether we can put a mailing address or a post office box on a driver's license for safety or security if they want to protect their privacy. Paragraph (d) says full legal name, date of birth, address, and mailing address. Is a post office box acceptable, or does the address have to be for the physical location?

Jude Hurin:

With the implementation of REAL ID in November 2014, there was a requirement for us to have the physical address on the card. We have aligned the standard driver's license and others to make sure that the physical address is on the card as well. The mailing address can be a post office box, but the physical address needs to be on the card. A gentleman in the audience has presented us with some options that we are willing to look at. We are limited and want to make sure that we are staying consistent on our approach across the board.

Chairman Carrillo:

Are there any other questions? [There were none.] I have a question about section 9 as well. When this first came through, it did not require the full legal name, date of birth, sex, and residence address. I understand that this is for a driver authorization card, not for REAL ID. It should not be used for getting on a plane, so what is the purpose of amending the current language?

Jude Hurin:

This is a cleanup attempt to stay consistent with other requirements for a standard or REAL ID. This is existing language in other areas for a driver's license and ID card. This would clean up the language and make it consistent. Even though it may be a foreign passport or other approved documents that are submitted for a driver authorization card, we would hope that we would have the full legal name of the applicant. We want to stay consistent and accurate. That is our intent.

Chairman Carrillo:

Why was this not brought up when the driver authorization card was first introduced? If this had been amendment to the bill that allowed driver authorization cards, I could understand it.

Jude Hurin:

We should have caught it back then. I do not have an explanation for why we did not. The DMV was dealing with a lot of the other requirements—for translation and ensuring that the documents presented were sufficient. These are the things that, unfortunately, are caught

after the session. We did not catch that then, but now we would like to clean up and stay consistent with language. I agree with you—we would have loved to have caught that in session, but we did not.

Chairman Carrillo:

That sounds weak to me, but we will go with that for now. Section 1, subsection 8 says, "The Director shall not provide personal information to individuals or companies for the purpose of marketing extended vehicle warranties." In a previous session, I introduced a bill regarding marketing information. I am confused as to why this is being revisited. The problem I had was that DMV was openly selling information to marketing companies. We had people come in from R.L. Polk & Co. and CARFAX, expressing concern about vehicle information being sold through DMV and businesses like oil change companies. Once the information was out, a vehicle owner would start receiving offers to purchase extended warranties from shady businesses for \$3,000 or \$4,000 for a vehicle that might be ten years old. I am confused as to why we are addressing this.

Jude Hurin:

We are removing that section as part of our amendment ([Exhibit E](#)). We are also removing section 16, relating to NRS 481.063.

Chairman Carrillo:

If you are removing it, why did you put it there in the first place?

**Sean P. McDonald, Administrator, Division of Central Services and Records,
Department of Motor Vehicles:**

As originally proposed with Assembly Bill 68, we sought to make a housekeeping measure. *Nevada Revised Statutes* 481.063 can be a difficult and somewhat confusing statute. There are a lot of components in that statute. It is not uncommon to start off in one section and jump to another section at the end, then go back to the middle. When we originally brought forth language, we sought to do something that would be the "shalls," the "shall nots," and a process flow. Our purposes were two-fold: we wanted to make it easier for our own staff to navigate that statute, but we also sought to have a way that we could make it easier for the public to understand.

As brought forth, our intent was never to change language in NRS 481.063, but to make things clearer. We have a very thorough vetting process in place. Granted, a lot of information goes through NRS 481.063. Many people think we are necessarily disseminating language, but a lot of that comes from dealerships, oil change locations—there are many different places that might have information that can be misinterpreted as having come from the Department. Based on the information that is being extracted from the records unit—they have to fill out an application, and file an affidavit. If the information is questionable, we will have our legal counsel review it. We have a good vetting process in place. The reason we withdrew section 1 from this bill is because our formatting schema did not fit with that of the Legislative Counsel Bureau. Instead of doing a housekeeping measure, we more or less just rearranged the furniture. It was our intent to try to bring forth

something that was clear, but in essence we just moved things around a bit more. That is why we are removing section 1 by amendment.

Chairman Carrillo:

Thank you for the clarification. Are there any other questions? [There were none.] Is there anyone else here to testify? [There was no one.] Is there anyone in support of A.B. 68 in northern Nevada or southern Nevada?

Terry Graves, representing Nevada Trucking Association:

Paul Enos, CEO of the Nevada Trucking Association, apologizes for not being here today, as he is out of state. The Nevada Trucking Association is in support of the bill.

Chairman Carrillo:

Is there anyone in opposition to A.B. 68 in northern Nevada? [There was no one.] Is there anyone in opposition in southern Nevada? [There was no one.] Is there anyone neutral in southern Nevada? [There was no one.] Is there anyone neutral in northern Nevada?

Dennis Belcourt, Private Citizen, Reno, Nevada:

With me is Mr. Robson Sigrah and four other individuals, all of whom are from Micronesia. Chairman Carrillo, you may have received a letter from me discussing an issue regarding the bill ([Exhibit F](#)). I am neutral; I am hoping a friendly amendment could be made to address the issue of the limited-term driver's licenses and ID cards. As was mentioned earlier, we are moving toward eight-year driver's licenses and ID cards in Nevada. Limited-term driver's licenses and ID cards apply to people who are noncitizens. The limited term is either the duration of an authorized stay in the United States, or if you have an indefinite term, you get a license for one year.

Micronesian citizens, whom I am asking the Committee to consider, are here under a treaty with the United States that gives them indefinite permission to stay and work in the United States. This arrangement is indicative of a relationship. When the United States liberated Micronesia at the end of World War II, the United States created a Trust Territory with Micronesia, the Marshall Islands, Palau, and the Caroline Islands. In the process of ending that relationship [in 1985], the United States and Micronesia established a reciprocal immigration arrangement. Micronesians could come and stay here and work under that arrangement. They do not need visas; it is indefinite. They are not immigrants. Americans like me can do the same in Micronesia—I spent nine years in Micronesia under the treaty.

The problem with the implementation of the limited-term identification card is if you have someone like Mr. Robson who has been here for 32 years. Under this bill, he would have to go in yearly to renew his ID card or driver's license. Mayumi Albert from the state of Pohnpei has been here for two decades. She, too, has to go in every year. The request I have is that DMV be given the statutory flexibility to have exceptions to that one-year limitation, as it applies to Micronesians. I do not know the number of Micronesian citizens in Nevada right now, but there are quite a few, some of whom are my family. They would like to have longer-term ID cards and driver's licenses. I help them at the DMV—sometimes it is just a

matter of explaining to the person across the desk, as there is confusion at DMV regarding Micronesian status. I have provided a copy of a U.S. Department of Homeland Security fact sheet. I would hope you could give the DMV flexibility in the statute to make an exception on the one-year licensing constraint upon Micronesians.

Micronesians come to the United States to study, work, and live. Some of them have also served in our military. The letter I sent to the Committee had a link to an article from a few years ago in the *Christian Science Monitor* that stated the enlistment rate out of Micronesia for U.S. military is higher per capita than in the United States. The armed forces go out and recruit in the Federated States of Micronesia where Mr. Sigrah is from. There is more of a bond than most people know between that country and ours. I would be happy to talk to the DMV about putting in a different rule that applies to people who are bound to stay here and raise families.

Chairman Carrillo:

Are there questions from Committee members?

Assemblywoman Monroe-Moreno:

Do you know how many people this would apply to in Nevada?

Dennis Belcourt:

I tried to get that information. I asked DMV if they kept statistics. They do not keep specific statistics on that. I checked census data and found that there are 20,000 Pacific Islanders in Nevada. Of those, I do not know how many are Micronesians. I am in the Kosrae community, which is a segment of Micronesia. There may be 40 Kosraeans in the Reno area. I do not know about Las Vegas. I do not have statistics on that. I asked one of the Pohnpeians before coming in here about her community. She thought there may be 200. Of those, I do not know how many are in need of ID cards.

Robson Sigrah, Private Citizen, Reno, Nevada:

As a veteran of the greatest organization in the world, the U.S. Army, I am honored to be here. I am here to represent some of my countrymen who cannot be here because they are at work serving their communities. I would say there are 600 to 1,000 of us in Reno, working in industry, trucking, and elsewhere. Most are working in casinos here in Reno.

Chairman Carrillo:

Thank you for your testimony and for your service.

Lawrence Meeker, Private Citizen, Carson City, Nevada:

I am taking a neutral position on A.B. 68. I am a 30-year Nevada resident. I am suggesting that since A.B. 68 is, in DMV's own words, a cleanup bill, this may be a good opportunity to amend a state law that was changed in 2013. As Assemblyman Fumo indicated earlier, it mandated that the DMV have us display our residence address on driver's licenses. Previous to that, we could show an alternate address or a post office box. For my family and me, this is both a safety and a privacy concern. We do not have any issues with the DMV

having our street address—obviously they do have that. But to have to share our address with everyone else, and put it in a risky location where it could get stolen or otherwise appropriated is a real concern. I know that the DMV has mentioned aligning with the REAL ID Act. I would like to make comments about that. As long as the DMV offers two different types of licenses, a REAL ID license and a standard license, I do not see any reason why the standard license could not continue to show a post office box or another alternate address.

Digging deeper into the REAL ID Act and looking at the regulation approved in 2013 through Legislative Counsel Bureau (LCB) File No. R028-13, [Title 6, Section 37.17 of] the *Code of Federal Regulations* was quoted in relation to the legislative change for mailing address. If you look through the language [of 6 CFR § 37.17(f)], you would see that it defers to the state to set up whatever regulations or rules are necessary for allowing for an alternate address. I think there are several alternatives. I am not saying A.B. 68 is the best way to amend this and add other options, but it is certainly an opportunity that I wish the Committee would consider.

Chairman Carrillo:

Are there any questions for Mr. Meeker? [There were none.] I would like to bring the bill sponsor up for closing comments.

Jude Hurin:

We appreciate the opportunity to bring our bill before you today. Our door is always open to listen to anyone's concerns. We take the job of protecting our credentials very seriously. We have some limitations, but we want to make sure that our system is still pristine and credible in protecting our credentials and the people that we serve.

We are working to provide Mr. Belcourt with a formal response to his request. We are researching that. We have had a brief discussion with him about his concerns. There are a few bills out that have alternate address proposals in them, but those are usually for law enforcement or court personnel. That is not to say that they could not be used for extenuating circumstances. An alternate address is one that is not really yours, it is a fictitious address. Those are usually used to protect someone's well-being.

Chairman Carrillo:

We will now close the hearing on A.B. 68. We will open the meeting to public comment.

Mayumi Albert, Private Citizen, Reno, Nevada:

I am from one of the states, called Pohnpei, in the Federated States of Micronesia. The reason I am here to comment is because I have lived here for many years. All the years I have lived here, I was getting the eight-year driver's license. Last year, when I went to renew my license, I was told that I am now an illegal immigrant. I was shocked. I am not an illegal immigrant. I refused to leave because I believe I am not an illegal immigrant. The same type of thing is happening everywhere, not just in Nevada.

Today, we are here asking that you help us. Our friends in Oregon met with their state legislators, and now they have been helped by them. They are back to getting their eight-year license. If Oregon can do it, then why can we not do it here? That is why I am here today. I do not want to live here and be called an illegal immigrant.

Chairman Carrillo:

Seeing no one else present for public comment, this meeting is adjourned [at 5:31 p.m.].

RESPECTFULLY SUBMITTED:

Joan Waldock
Committee Secretary

APPROVED BY:

Assemblyman Richard Carrillo, Chairman

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is the Work Session Document for [Assembly Bill 11](#), dated March 21, 2017, presented by Jann Stinnesbeck, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit D](#) is written testimony, dated March 21, 2017, presented by Jude Hurin, Administrator, Division of Management Services and Programs, Department of Motor Vehicles, regarding [Assembly Bill 68](#).

[Exhibit E](#) is a proposed amendment to [Assembly Bill 68](#), dated March 17, 2017, presented by Jude Hurin, Administrator, Division of Management Services and Programs, Department of Motor Vehicles.

[Exhibit F](#) is material submitted by Dennis Belcourt, Private Citizen, Reno, Nevada, consisting of:

1. A letter to Chairman Richard Carrillo and Chairman Mark A. Manendo, dated March 17, 2017, from Dennis Belcourt, concerning [Assembly Bill 68](#).
2. A U.S. Department of Homeland Security Fact Sheet titled "Status of Citizens of the Freely Associated States of the Federated States of Micronesia and the Republic of the Marshall Islands," dated November 3, 2015.