

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION**

**Seventy-ninth Session
May 25, 2017**

The Senate Committee on Transportation was called to order by Chair Patricia Farley at 9:07 a.m. on Thursday, May 25, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Patricia Farley, Chair
Senator Kelvin Atkinson, Vice Chair
Senator Don Gustavson
Senator Scott Hammond
Senator Mark A. Manendo

STAFF MEMBERS PRESENT:

Michelle Van Geel, Policy Analyst
Darcy Johnson, Counsel
Debbie Shope, Committee Secretary

OTHERS PRESENT:

Daniel Stewart, General Counsel, Office of Governor Brian Sandoval
Shannon Rahming, Administrator, Division of Enterprise Information Technology Services, Department of Administration
Paul Moradkhan, Las Vegas Metro Chamber of Commerce
Omar Saucedo, Southern Nevada Water Authority; Las Vegas Valley Water District
Caleb Cage, Chief, Nevada Division of Emergency Management; Advisor, Homeland Security Commission, Department of Public Safety
Misty Grimmer, Cox Communications, Inc.; Employers Insurance Company
Nicole Willis-Grimes, NV Energy
Brian O'Callaghan, Las Vegas Metropolitan Police Department
Randy Robison, CenturyLink

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Mark Fiorentino, Charter Communications
John Ocegüera
James Lawrence, Deputy Director, State Department of Conservation and
Natural Resources

CHAIR FARLEY:

We will open the hearing on Assembly Bill (A.B.) 471.

ASSEMBLY BILL 471 (2nd Reprint): Creates the Nevada Office of Cyber
Defense Coordination. (BDR 43-917)

DANIEL STEWART (General Counsel, Office of Governor Brian Sandoval):

The most important part of understanding this bill is understanding its genesis. I am sure anyone who has paid attention to the news understands that cyber issues are increasingly important: having our own data stolen and our own privacy violated. Government secrets, classified information and confidential secrets have been hacked through cyber systems. When it comes to our State, it is critical that we have cyber protections that are as good as possible for a couple of reasons. One is self-evident; we have a lot of consumer information, constituent information as well as sensitive information that needs protection. The State is the law enforcement arm, and violations of cyber security are crimes that need to be investigated and prosecuted where appropriate. That is the reason the Office of Cyber Defense Coordination will be located in the Department of Public Safety (DPS).

We can have the full range of cyber protections, from stopping incidents before they occur, to gathering the intelligence to know about incidents, to recovering from incidents and prosecuting, if possible. Since this involves Internet and cyber issues, it requires us to be partners with federal, State, and local law enforcement and to work together. Chances are our cyberattacks do not come from within our own borders. Having regular coordination with our federal partners makes all the difference. The National Governors Association made cyber security one of its national policies in the last year.

Members of the State, the Governor's Office, the Department of Public Safety, and others, participated in a policy academy to try to find best practices for cyber defense. Assembly Bill 471 is a result of those discussions. We were fortunate that shortly before submitting the bill, former President Obama had put together a commission on enhancing cyber security. That commission

issued a report in December of 2016. We incorporated many of its findings into this bill. I want to emphasize that there are bigger issues with respect to cyber security and why it is good State policy. In addition to protecting both private and public information, as well as protecting our citizens, there is a workforce development component. These are the jobs of the future. One of the things you will see in this bill is the opening up for partnerships with the private sector as well as our institutions for higher learning to help develop the cyber security professionals of the future.

First, the budget piece of the bill is in many respects a budget implementation bill. I would like to talk about the dollars, even though this is not a money Committee. It will give you a sense for the significant investment that is going on in this area. There is approximately \$876,000 that is going to the Department of Public Safety to establish the Office of Cyber Defense Coordination. There will be four professionals in that office including the administrator. There will be approximately \$2.5 million that will go to the Enterprise Information Technology Services (EITS) to enhance its technology and help them to advance, and an additional \$800,000 General Fund loan to EITS for the same thing.

Section 1 of the bill lays out one of the more extensive sections of legislative findings that are found in most bills, but this gives the Legislature the chance to declare the importance of protecting cyber security. Section 2 lays out the goal that will focus the entire State on these issues, the protections, and how we hope to measure its success. Section 4 through Section 9 are definitional. Section 10 lays out the policies and procedures for protecting State agencies. Most of that is coordination. Coordination has a bureaucratic feel to it, but as we learned with the 9/11 terrorist attacks, oftentimes failure to coordinate within State agencies has a dramatic effect. Cyber security is no different. Something that came out of the policy academy was if you could do nothing else, increase your coordination between various State, local, federal and other agencies and organizations to get all the information possible.

Section 11 deals with the various partnerships that the Office of Cyber Defense is encouraged, allowed or in some cases mandated to engage in. This includes other agencies such as EITS and the Division of Emergency Management/Homeland Security. There will be consultation with the National Guard of the United States and voluntary partnerships with private sector individuals and companies, if those sectors so choose. This could be anything

from industries such as NV Energy to small businesses that would like to have greater information sharing with the State. The other partnerships mentioned are higher education and professional development systems.

Section 12 deals with notifications on cyber incidents. This includes the ability of the Office to notify other State agencies, local governments, or anyone of potential cyberattacks, intelligence that they have on cyberattacks, that a cyberattack has occurred, as well as notifications from State agencies to the Office. If private sector businesses would like to participate, in this information sharing, the Office is now authorized to enter into those notification plans as well.

Section 13 lays out the fact that the Office has to put together a statewide strategic plan that must be updated every two years. This strategic plan for cyber security is one of the key parts of this bill. Anyone can look at the State plan to see best practices and ideas on how to protect their cyber information. In particular, when the Governor's Commission on Homeland Security meets to discuss the allocation of funds or choose projects, this bill now requires the Commissioners to consider the statewide plan for cyber security in their decisions for allocating funds.

Section 14 deals with the annual reporting that the Office needs to make, so the State, including the Legislative and Executive Branches, is informed regularly. Section 16 allows the Office to adopt appropriate regulations. Section 18 indicates the Office's specific role within the DPS. The administrator is designated as a nonvoting member of the Commission on Homeland Security in Section 20.

Finally, a key point is section 15, dealing with confidentiality of information. Nevada is fortunate to have industries that may be the best protected from a cyber perspective in the Nation. From Switch, Ltd. to the gaming industries, there is a great deal of institutional expertise. We would like to collaborate with these industries and learn. However, they are not going to share information with us if there is a feeling that immediately somebody could do a public records request to gather information about their security plans.

Section 15 makes it clear that information that is shared to and from the Office of Cyber Security shall remain confidential and exempt from public records

requests. This bill is a key component to the State's future. It was passed unanimously out of the Assembly. We look forward to your support.

SHANNON RAHMING (Administrator, Division of Enterprise Information Technology Services, Department of Administration):

We in the Enterprise Information Technology Services are in support of A.B. 471. I will read from my written testimony ([Exhibit C](#)).

CHAIR FARLEY:

In Nevada, many businesses have been hit recently with software that will hold all of your information for ransom. What is happening is they lock your system up, and they want you to send them \$5,000 to \$20,000 or you do not get your information back. Does this help at all in those type of scenarios?

MR. STEWART:

I do believe this will offer help; but I do want to be careful about that. Here is where I see it offering help in individual situations. The State will now be a resource and will be developing best practices. If businesses are worried about these types of attacks, they can reach out to the Office and find out what is needed to prevent them. This Office should be getting intelligence about cyberattacks long before they start affecting the majority of Nevadans. The Office can be proactive in getting that information to Nevadans. Now that there is a law enforcement component, these individuals who are victims of these attacks can go to the Office and be assured that there will be a law enforcement investigation with an effort to prosecute and deter this in the future. Something we have learned about cyber defense is that it most often is reactive. It may be someone sitting in a basement with a laptop who can cause a lot of damage without anyone knowing it. Our best efforts are in minimizing risks as opposed to providing absolute security.

SENATOR GUSTAVSON:

I understand the need for cyber security. Who has been handling this until now?

MR. STEWART:

That is the essential question in this entire process. I want to assure you that our State has been doing a good job, but we can do better. Individuals in EITS are repelling cyberattacks as we speak. Through the DPS, they are working with federal agencies to do prosecutions. The Division of Emergency Management and Homeland Security is doing cyber security as well. It is being done, but not

as a coordinated effort. It would be remiss to say we have not been doing anything.

SENATOR GUSTAVSON:

It is something that is almost impossible to stop; like you said, it is reactive. We have to be prepared, and what you are trying to do is to react quicker. Instead of several different agencies doing similar tasks, it is best to combine the efforts to do a better job.

PAUL MORADKHAN (Las Vegas Metro Chamber of Commerce):

The Las Vegas Metro Chamber of Commerce did support this bill in the Assembly. The Chamber does believe that A.B. 471 is a good balance in addressing the needs with the increased risk of cyber security threats within the State and, of course, the business community. The bill is a good balance with engaging the business community to help address these concerns. We are in support.

OMAR SAUCEDO (Southern Nevada Water Authority; Las Vegas Valley Water District):

The Southern Nevada Water Authority and Las Vegas Valley Water District were happy to work with other stakeholders on this bill. The Southern Nevada Water Authority stands ready to participate and lend its expertise when it comes to cyber security threats and in addressing this important issue. For that reason, we are happy to support this bill. We will help where we can.

CALEB CAGE (Chief, Nevada Division of Emergency Management; Advisor, Homeland Security Commission, Department of Public Safety):

I would like to applaud the Governor's leadership in bringing his vision to fruition through this bill, and I recommend support. The Division of Emergency Management supports this bill and will support it throughout implementation.

MISTY GRIMMER (Cox Communications, Inc.; Employers Insurance Company):

Cox Communications, Inc. and the Employers Insurance Company are in support of A.B. 471. We did have some questions for the Governor's Office with respect to the role private industry would play in the new agency, and they were very cooperative in addressing all of our concerns. We are in support.

NICOLE WILLIS-GRIMES (NV Energy):

NV Energy also wants to lend our support to A.B. 471. We appreciate Daniel Stewart's work on this and the Governor's Office for including our company in all the stakeholder meetings and listening to our input and concerns on this. With that, we are in support.

BRIAN O'CALLAGHAN (Las Vegas Metropolitan Police Department):

Cyber security has been and will continue to be important to all governmental agencies. Maintaining security and communications of threats on the State level is beneficial to all local, public and private entities, including Las Vegas Metropolitan Police Department. We are here in support of A.B. 471.

RANDY ROBISON (CenturyLink):

CenturyLink will align itself with the previous comments and support. This bill is certainly based on best practices from across the Country. It is something that will be very helpful to the State, so we support this bill.

MARK FIORENTINO (Charter Communications):

Charter Communications supports the bill and is grateful for the work up to this point.

CHAIR FARLEY:

We will close the hearing on A.B. 471. Given the time sensitivity, I would like to ask the Committee to entertain a motion to do pass.

SENATOR ATKINSON MOVED TO DO PASS A.B. 471.

SENATOR GUSTAVSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MICHELLE VAN GEEL:

Assembly Bill 29 was heard on May 23. It places the Commission on Off-Highway Vehicles (OHV) within the State Department of Conservation and Natural Resources. The bill also creates the Off-Highway Vehicles Program within the Department to provide assistance to the Commission and to administer the Account for Off-Highway Vehicles. I will not go through the rest

of the summary in the work session document since it was heard on Tuesday ([Exhibit D](#)).

ASSEMBLY BILL 29 (1st Reprint): Revises provisions governing off-highway vehicles. (BDR 18-220)

There is one amendment attached to the work session document, [Exhibit D](#), that was proposed by Jim Lawrence, Deputy Director, State Department of Conservation and Natural Resources. The amendment clarifies that grant funds may be used in OHV trail areas to minimize impacts to certain environmentally sensitive or important wildlife habitat areas through the development of trail features to sustain long-term OHV recreation, but the grant funds may not be used to prohibit OHV use.

Following the meeting on Tuesday, May 23, another proposed amendment was received from John Ocegüera ([Exhibit E](#)).

CHAIR FARLEY:

Our intention is to amend and do pass A.B. 29 out of Committee. If we can agree on Mr. Ocegüera's amendment, I will request a personal amendment and we will do it on the Floor.

JOHN OCEGUERA:

My friends and I ride OHVs in different states around the Country—whether it is Arizona, Colorado, Utah—and it is much easier to ride our OHV from trail to trail. When we go out, we stay in motels in little towns.

In Nevada, the law is unclear on where you can and where you cannot ride. I am proposing a simple amendment that makes it presumptive that in Nevada, if a county does not say you cannot ride in a certain location, then it is presumptive that you can ride in that location. I think this clarifies the law. There have been discussions with the conservation community, the sheriffs and the chiefs of police, and the bighorn sheep group. I have talked with a number of the people who have testified in favor of this bill and have had no pushback. I will continue to work on this bill. If there is any pushback, I will work on how it can work for the opposing group. I want to clarify the law in Nevada so I do not have to go to Colorado or Utah. I want to ride from Las Vegas to Ely and enjoy the small towns in between. If a county tells us that we cannot ride there, we will not.

SENATOR HAMMOND:

In your amendment, we would be allowing access unless someone is specifically saying no to a certain area. That might clarify things, for me at least. The controversy always comes in when you go out to ride, you can ride there unless it is posted. Most people who ride off-road have an idea of what the local and state policies and laws are. You get more support from Legislators when you clarify an issue. That is your intent. It is good to ride, unless it is posted and you know for sure you are not allowed to ride there.

MR. OCEGUERA:

That is my intent. For example in Clark County, it is clear you cannot ride within the bowl in between the mountain ranges, with the exception of Apex. In the rest of the State, it is unclear where you can and cannot ride. You can search the Internet backwards and forwards. It might take you as long to figure out where you can ride as it would to go out on the ride.

JAMES LAWRENCE (Deputy Director, Department of Conservation and Natural Resources):

I appreciate the work Mr. Ocegura has done in reaching out to the various groups for this amendment. The Department of Conservation and Natural Resources is neutral on the amendment. Our primary concern is that this encompasses a broad range of stakeholders ranging from OHV users, conservation communities, sportsmen, local government, law enforcement, and others. Our main concern is to ensure all stakeholders are on board. A lot of work has been done to get the Commission to a place where stakeholders are happy with the way the Commission is running.

CHAIR FARLEY:

Mr. Ocegura has promised to contact them.

SENATOR ATKINSON MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 29.

SENATOR HAMMOND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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We will open the work session on A.B. 322.

MS. VAN GEEL:

Assembly Bill 322 was heard on Tuesday, sponsored by Assemblyman Flores, et al. It requires that the regulations of the Department of Motor Vehicles that prescribe the expiration date of a driver's license also prescribe the expiration date of a driver authorization card, and that they must be valid for the same period. There were no amendments for the measure in the work session document ([Exhibit F](#)).

ASSEMBLY BILL 322: Revises provisions governing driver authorization cards.
(BDR 43-955)

SENATOR ATKINSON MOVED TO DO PASS A.B. 322.

SENATOR MANENDO SECONDED THE MOTION.

SENATOR MANENDO:

What was the reason for the reference to "Alaskan Native" in the bill?

DARCY JOHNSON (Counsel):

It is cleanup language from our legal section. It was a change at the federal level and as provisions that include that language are placed in a bill, we have been changing that language.

SENATOR HAMMOND:

There were some suggestions made on the other side of the legislative building. I had an appointment set up to talk with the sponsor of an amendment, but we ended up being on the Floor. I am going to be a no in the Committee. I want to talk to him and figure out what the proposed amendment was and why it was not accepted.

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SENATOR GUSTAVSON:

I do have several concerns with this bill at this time. I will be making a Floor statement, I will not make a statement now. I will not be voting in support of this bill.

THE MOTION CARRIED. (SENATORS HAMMOND AND GUSTAVSON
VOTED NO.)

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CHAIR FARLEY:

There being no further business, the meeting is adjourned at 9:41 a.m.

RESPECTFULLY SUBMITTED:

Debbie Shope,
Committee Secretary

APPROVED BY:

Senator Patricia Farley, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	4		Attendance Roster
A.B. 471	C	1	Shannon Rahming / Enterprise Information Technology Services	Written Testimony
A.B. 29	D	2	Michelle Van Geel	Work Session Document
A.B. 29	E	2	John Oceguela	Proposed Amendment
A.B. 322	F	1	Michelle Van Geel	Work Session Document