

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION**

**Seventy-ninth Session
March 16, 2017**

The Senate Committee on Transportation was called to order by Chair Mark A. Manendo at 8:41 a.m. on Thursday, March 16, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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 Mark A. Manendo, Chair
Senator Kelvin Atkinson, Vice Chair
Senator Don Gustavson
Senator Scott Hammond
Senator Patricia Farley

GUEST LEGISLATORS PRESENT:

Senator Moises Denis, Senatorial District No. 2

STAFF MEMBERS PRESENT:

Michelle Van Geel, Policy Analyst
Tammy Lubich, Committee Secretary

OTHERS PRESENT:

Chuck Callaway, Las Vegas Metropolitan Police Department
John J. Piro, Deputy Public Defender, Office of the Public Defender,
Clark County
Holly Welborn, American Civil Liberties Union of Nevada
Eric Hardy
Warren B. Hardy, II, Nevada Pic-A-Part; SA Recycling
Robert L. Compan, Manager, Farmers' Insurance; Automotive Affairs Advisory
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Terry Graves, A & A Midwest; Western Metals Recycling
Andy MacKay, Executive Director, Nevada Franchised Auto Dealers Association
Jay Parmer, Concours Body Shop
Gil Grieve, Owner/President, Concours Body Shop; Nevada Automotive Advisory Board
Jon Sasser, Legal Aid Center of Southern Nevada
Dick Mills, President, Reno Auto Wrecking
Catalina Jelkh Pareja, LKQ Corporation
Sean McDonald, Administrator, Central Services and Records Division, Department of Motor Vehicles
Jude Hurin, Administrator, Management Services and Programs Division, Department of Motor Vehicles

CHAIR MANENDO:

We will begin with Senate Bill (S.B.) 234.

SENATE BILL 234: Authorizes the seizure and storage of certain unmanned aerial vehicles. (BDR 44-75)

SENATOR SCOTT HAMMOND (Senatorial District No. 18):

Nevada is at the forefront of dealing with unmanned aerial vehicles (UAVs). The bills during the 78th Session put the structure together for UAVs, but there needs to be a component in the structure for when a UAV collides with citizens, vehicles or houses.

Existing law authorizes a peace officer to seize and impound a car or other vehicle and provides for the licensing and regulation of businesses receiving such vehicles. Senate Bill 234 authorizes the seizure and storage of certain UVAs and authorizes a peace officer, without a warrant, to seize and impound UAVs that have crashed, been grounded or disabled, or if the officer has probable cause to believe the UAV was used in the commission of a crime.

If the owner of the UAV is unknown, a peace officer may conduct a reasonable examination of any recordings or data contained in the UAV without a warrant to determine the owner. Section 7, subsection 3 states that if a peace officer has probable cause to believe the UAV was used in the commission of a crime and reason to believe the UAV contains evidence, the peace officer must obtain a warrant before examining any recordings or data stored on the UAV.

For the protection of the public, any seized UAVs must be stored in a storage facility because certain components can be corrosive. The storage facilities must be licensed by the Department of Motor Vehicles (DMV) with an issuance and renewal fee. The license is \$100 with the funds being credited to the Motor Vehicle Fund.

Senate Bill 234 provides specific requirements for a facility to be licensed. Any applicant may not be subject to a court order for the support of a child and the applicant must have a sufficient bond. A UAV may be released from the storage facility or law enforcement agency if the owner provides proof of ownership and pays any storage fees established in the regulations the DMV is authorized to adopt. The facility or agency may not release a UAV if there are criminal charges related to the seizure of the UAV. If a UAV is not claimed within 180 days after delivery, the facility may sell the unclaimed UAVs under certain circumstances.

The only one who expressed concerns is John Piro, Deputy Public Defender of the Clark County Public Defender's Office. I am willing to talk to him and look at the language.

CHAIR MANENDO:

Has Mr. Piro shown you anything in writing?

SENATOR HAMMOND:

Mr. Piro commented that the language may go too far and he wants to rein it in, which I am fine with, but I also want to leave it open to law enforcement or anyone who feels they need to push back. I am accepting the proposal from Mr. Piro and leaving it open for dialogue in the future.

SENATOR GUSTAVSON:

Where are the UAVs being stored now?

SENATOR HAMMOND:

I do not know that we have had the need for S.B. 234. Two years ago, it was contemplated what the framework would be to allow UAVs to fly. At this time, UAVs are recreational and are not often seen. As we move forward, larger UAVs are being seen which may be commercial and not be personal hobby UAVS, and there needs to be a structure in place. There is a potential danger if a police officer or someone else stores it on a shelf.

SENATOR GUSTAVSON

Are the recreational UAVs going to get larger, and will the facility you are describing be able to handle the future sizes of UAVs?

SENATOR HAMMOND:

The future is unknown. I am not trying to create a business but create the ability to see what needs to be done. If a person wants to create a business, they would have to follow the regulations and satisfy the requirements for a business license to be issued. One question would be how big your storage unit is.

Not knowing what the UAVs will be looking like, someone could have one at home and use it for criminal activity. If there is a need to seize UAVs because they crashed into a home while casing that home, then the structure is in place to handle the storage of the UAVs.

SENATOR GUSTAVSON:

I am looking from a businessman's perspective that this would be an opportunity. There are many different regulations for any business that is opened today, and more regulations to go through to start a business. Since there is not a big demand, I think only one or two people would open this type of business, but something needs to be put in place for the future.

SENATOR HAMMOND:

No, there is not a demand at this time. Tell me where we need to rein back and I will address it.

CHAIR MANENDO:

As an example, would the process be any different for law enforcement if a cell phone were found compared to a UAV that crashes near the Legislative Building or a library?

SENATOR HAMMOND:

This question came up in conversation with Mr. Piro and is the crux of his concern. There is a parallel between a cell phone and the potential that a cell phone was used for or in connection with criminal activity. This could also be the same with UAVs.

CHAIR MANENDO:

Anyone who is in support of S.B. 234, please come to the table.

CHUCK CALLAWAY (Las Vegas Metropolitan Police Department):

We are in support of the law enforcement language in S.B. 234, and it codifies current practice. The business licensing section of the bill does not affect the agency so we are neutral on this section. It may provide an opportunity to partner with a business if law enforcement encounters UAVs that are not appropriate to be stored in an evidence vault.

Under current case law and current constitutional law, the UAVS that are abandoned or lost would be taken for safekeeping by law enforcement to attempt to locate an owner. This could be difficult with UAVs. Using the cell phone as an example, law enforcement would not access the phone. They would turn it on to determine who owns it to get it back to the rightful owner, just like if a wallet were found and opened to see if there was a driver's license. If law enforcement suspects a phone was used in the commission of a crime, a warrant would be obtained to access any data. This would apply to a laptop computer, cell phone, UAVs or a wallet. There is a difference between finding the owner of property and getting it back to them versus thinking it was used in the commission of a crime and you need to gather evidence. Under current practices, every effort is made to obtain a warrant and protect the constitutional rights of whomever the item might belong to and respect due process if someone is suspected of a crime.

There have been many incidents involving UAVs both nationally and locally of people calling and stating UAVs are trespassing over their property. As the UAVs become more popular, there are more incidents of retrieving them from backyards and complaints about where they are. There have also been cases where UAVs have interfered with first responders. This happened in a California wildfire, where the fire department was putting out a fire with aircraft and helicopters and a UAV came in the middle of the fire, stopping the process of putting it out. In the Midwest, a person was in a body of water and law enforcement was trying to negotiate with the person when a UAV flew in the middle of the situation causing noise so the officer and the person could not hear each other. These concerns were addressed during the 78th Legislative Session with Assemblyman Eliot T. Anderson's proposal giving law enforcement the ability to take action in cases where UAVs are interfering. The language in

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S.B. 234 provides clear guidance for situations that arise due to the activities where law enforcement must take custody of UAVs.

CHAIR MANENDO:

Is there anyone else in support of S.B. 234? Anyone in opposition, please come to the table.

JOHN J. PIRO (Deputy Public Defender, Office of the Public Defender, Clark County):

The proposals we have are conceptual, and we feel the language might violate both the Fourth Amendment of the U.S. Constitution and Article 1, section 18 of the Nevada Constitution.

On page 2, section 7, the term "grounded" needs to be defined prior to stating law enforcement may seize a UAV without a warrant. I do understand that law enforcement is going to be dealing with UAV issues and it is impressive that the Legislature is moving forward with regulation and laws that will help regulate them.

SENATOR HAMMOND:

What was the section you referred to on the grounded term?

MR. PIRO:

Section 7, subsection 1, a peace officer who "finds an unmanned UAV, which has crashed or is grounded." It is understood that law enforcement will have to take possession of items that are lost and abandoned.

Senator Manendo, your question concerning the data contained in UAVs being similar to the data in a cell phone was on point. Many people live their lives on cell phones and law enforcement cannot search the phones without a warrant. If I were to lie here at this podium, and a law enforcement officer saw me take a text and I lied on the record, under the law I would be in trouble for the lie, but law enforcement would not be able to search my cell phone without a warrant. I believe UAVs are similar in the area where a warrant is required to search digital information.

Section 7, subsection 2 provides law enforcement with reasonable protection under NRS 600.100. This means they do not have to go into the digital information if the UAV is marked with ownership identification. Law

enforcement makes a reasonable effort to locate the owners, and then it is incumbent upon the owner to claim the UAV without officers violating the Fourth Amendment or seeking a warrant.

Section 7, subsection 3 states if there is probable cause a UAV is used in a crime, law enforcement can seize and take possession of the UAV without a warrant. Normally, law enforcement has to obtain a warrant prior to seizing an item and going through it. For example, in a situation where a UAV crashes into a house and no one claims it, law enforcement would be allowed to seize the UAV. Prior to going through the digital recordings to see what happened and what crime was committed, a warrant would be required. There is room to work on S.B. 234, and we want the bill to be successful.

On page 4, subsection 6 states a UAV storage facility must, to the reasonable extent possible, delete the stored video footage or data before selling a UAV or its parts. This recognizes there are privacy interests inherent in what is recorded on a UAV.

Section 9, subsection 2 states it is a misdemeanor to operate a UAV storage facility without a license. Before making someone who is trying to run a business a criminal, maybe there should be graduated penalties, starting with civil fines, then move into the criminal arena if necessary.

SENATOR HAMMOND:

These are, overall, great suggestions. I would like to sit down with Mr. Piro and have either a peace officer or another voice in the room to go through the bill and get it done.

HOLLY WELBORN (Policy Director, American Civil Liberties Union of Nevada):
The American Civil Liberties Union (ACLU) shares the same concerns as the Clark County Public Defender's Office.

The ACLU is concerned about privacy when discussing lost property. The privacy interest in lost property versus abandoned property becomes more protected depending on what is lost. If it is a backpack or wallet, it can simply be opened. If there is no identifiable information on the UAV and the data storage recordings are opened, this is an intrusion of privacy and requires a warrant.

SENATOR HAMMOND:

I will make sure that Ms. Welborn and Mr. Piro are included in the discussions.

CHAIR MANENDO:

We will close the hearing on S.B. 234. Ms. Van Geel, will you please walk us through the work session on S.B. 156.

SENATE BILL 156: Revises provisions relating to the safe transportation of children. (BDR 43-349)

MICHELLE VAN GEEL (Policy Analyst):

Senate Bill 156 increases the age requirement at which a child is required to be secured in a child restraint system from less than 6 years of age to less than 8 years of age. It also removes the weight requirement and adds a height requirement in relation to when a child is required to be secured in a child restraint system. The bill further provides immunity for civil liability to a certified child passenger safety technician for providing or failing to provide inspection, adjustment or educational services related to child restraint systems, provided the technician acted in good faith and without gross negligence. The bill makes conforming changes to when a child must wear a safety belt, and it makes failure to require a child who is a passenger in a motor vehicle to wear a seatbelt a primary offense. Finally, S.B. 156 requires the citation of the parent or guardian of the child if the parent or guardian was present in, and not the driver of the motor vehicle while the child was not wearing a safety belt.

Senator Woodhouse has offered the following conceptual amendment which is included in the work session document ([Exhibit C](#)).

Section 2 of the bill currently adds a new subsection 6 to NRS 484B.157 to provide immunity from civil liability to a certified child passenger safety technician for providing or failing to provide inspection, adjustment, or educational services relating to child restraint systems. This proposed amendment would delete the new subsection 6 of NRS 484B.157.

SENATOR HAMMOND:

It stated in the bill that if a police officer suspects a child is not restrained, the officer has the right, as a primary offense, to pull the vehicle over and issue a citation. That still gives me pause. I understand the overall goal of the bill, and I

do not disagree. At this time, and I reserve the right to change my mind on the Floor, I will be a no in the work session.

SENATOR GUSTAVSON:

I have the same concerns as Senator Hammond concerning the primary offense. I also have concerns about constantly changing the requirement for child restraints. It is hard to get the public to understand what the law is today when it keeps changing, and I cannot support S.B. 156 at this time.

SENATOR FARLEY:

I want to be sure I understand my colleagues' position. Is it no, because it is a primary offense?

SENATOR HAMMOND:

Yes.

SENATOR FARLEY:

I look at this as child endangerment and the medical community is stating S.B. 156 can reduce injuries. I do not understand the concern.

SENATOR HAMMOND:

The concern is a police officer can pull a vehicle over if he believes a child in the vehicle does not look the right age for a safety restraint. This increases the number of incidences where the public interacts with police officers. This gives too many windows of opportunity for police officers to pull someone over, and I do not want to give more reasons for interaction between the police and the public.

SENATOR FARLEY MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 156.

SENATOR FARLEY:

Can I amend and do pass noting for the record that a valid concern has been raised and I would like see more work done prior to going to the Floor?

CHAIR MANENDO:

I appreciate the motion, but I believe the Committee will hold S.B. 156.

SENATOR FARLEY:

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As a parent, I believe this is a good bill. I share the concern of pulling over a vehicle because a child is seen in the vehicle, potentially producing more contact than is necessary. At the same time, I believe the medical community and the manufacturers came forward with good information. If there is a way to fix S.B. 156, I would like to see that.

SENATOR FARLEY WITHDREW HER MOTION.

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CHAIR MANENDO:
We will now move on to S.B. 207.

SENATE BILL 207: Creates the Legislative Committee on Transportation.
(BDR 17-529)

MS. VAN GEEL:
Senate Bill 207 creates the Legislative Committee on Transportation (LCT), provides for the appointment of its membership, and prescribes the powers and duties of the Committee, including the evaluation and review of transportation infrastructure and funding in this State. As noted in the work session documents, there were no amendments for this measure ([Exhibit D](#)).

SENATOR HAMMOND MOVED TO DO PASS S.B. 207.

SENATOR GUSTAVSON SECONDED THE MOTION.

CHAIR MANENDO:
Are there any questions or comments on the motion?

SENATOR HAMMOND:
This is overdue. Transportation for the State should be discussed during the Interim with more planning and with public input.

CHAIR MANENDO:
Before the Committee votes on S.B. 207, I want to mention that in my opinion this legislation will help take a serious look at how our roadways are funded. The highway dollars are diminishing because of fuel efficiency, stricter standards for vehicle miles per gallon, as well as, alternative fuels, and the use

of hybrid and electric vehicles. We are proud of the energy efficiency trends, but they do not pay the price needed for our transportation infrastructure. With the emerging transportation technologies, the LCT will have an opportunity to meet with groups in the communities, look at what we face and prepare. Safety is also paramount for the LCT and me. We heard testimony that Nevada is the only state that does not meet annually with a committee during the Interim, and I did not realize that Nevada was so far behind.

I want to be clear, the State Board of Transportation is responsible for the planning, construction, operation, and maintenance of the 5,400 miles of highway in Nevada, and the LCT is not attempting to duplicate or usurp them. The LCT will investigate best practices of other states and communities; it is strictly a policy committee and is not a planning or implementation body. The LCT will work with the regional transportation commissions, both north and south, and all the community partners.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR MANENDO:

We will open the hearing on S.B. 172.

SENATE BILL 172: Revises provisions relating to nonrepairable vehicles.
(BDR 43-806)

SENATOR MOISES DENIS (Senatorial District No. 2):

During the Interim, I spoke with my constituent Eric Hardy concerning registering a vehicle he bought in another state. Mr. E. Hardy could not register it in Nevada because the vehicle had been deemed nonrepairable in another state.

Senate Bill 172 will allow for vehicles that have been issued a nonrepairable vehicle certificate to apply for a salvage title. Current law prevents a vehicle that has been issued a nonrepairable vehicle certificate to be issued a rebuilt or salvage title. In the bill, it states that if a vehicle is deemed nonrepairable in another state and then it is determined it is salvageable and issued a salvage title, Nevada will recognize the salvage title.

In NRS 487.760, a nonrepairable vehicle is defined as a motor vehicle, other than an abandoned vehicle, that has value only as a source for parts or scrap metal; has been designated by its owner for dismantling as a source for parts or scrap metal; has been stripped of all body panels, doors, hatches, substantially all interior components and all grills and light assemblies; or has been burned, destroyed or otherwise damaged to such an extent that it cannot be returned to a condition which is legal for operation on the highways of this State.

This bill will allow the DMV to be able to register a vehicle that has been deemed nonrepairable. There are some issues, and I appreciate all who came forward to explain the different reasons why this is not a good idea. I would like Mr. E. Hardy to share his reasoning.

CHAIR MANENDO:

You are doing your job as a Legislator, and I appreciate that you are bringing forth a piece of legislation on behalf of a constituent.

ERIC HARDY:

I understand this is a very bold bill. Ultimately, it concerns the reciprocity Nevada has with other states.

There is an inconsistency with the designation of branding a vehicle that has experienced the same damage in the same state as nonrepairable or salvage.

I was in a position where I purchased a vehicle in another state that I could not title in Nevada. This bill could be amended and changed to allow for the reciprocity of Nevada vehicle titles in the same manner that Nevada allows for real estate titles, water rights, firearm ownership and anything that has a transfer of ownership. It causes a conflict when Nevada allows a previous document to supersede a current and valid document. This is essentially what DMV is doing. If a vehicle title comes from Florida as parts only, and it goes into New Hampshire or Kentucky, the title can change to salvageable or rebuilt. The Florida title, which is now deemed null and void by Kentucky or New Hampshire, supersedes the current document of ownership and title.

I understand this is a conflict, and the bill may not pass to allow Nevada to change a vehicle from nonrepairable to salvage. It would be beneficial to give Nevada the authority to choose which vehicles they will or will not allow and to scrutinize them fully. Also, understand that the vehicles that go through the process are scrutinized and are not arbitrarily allowed to go through the title

change process in either New Hampshire or Kentucky. I believe Ohio might be considering this legislation as well.

Not every vehicle is allowed to go through this process. The vehicle has to be deemed viable and salvageable by the states' departments of transportation with procedures in place to maintain safety standards. I have one vehicle with a clean title that was flood damaged to above the headrest with only 18 inches of the vehicle sticking out of the water. Another vehicle I had was deemed nonrepairable; it had a dent in the rooftop approximately the size of a softball that it sustained during transportation from the manufacturer to the dealer and the dealer could not sell it as new. This vehicle had never been flooded, damaged, wrecked, or destroyed in any way. It only had a small cosmetic dent in the roof and was deemed nonrepairable.

Another issue with this is the environmental costs. What are the environmental costs of destroying and dismantling vehicles that are viable? What is the energy that goes into producing the vehicles? Why are we destroying the vehicles, if in fact, they are viable?

There are many issues surrounding this topic, and having it affect me personally made me question the current regulations. Specifically, if a vehicle can be sold as rebuilt in any state, it needs to be deemed a rebuilt vehicle and be reciprocated across every state. This was the issue when I legally purchased a vehicle as such, and DMV told me it was something else due to the history from a document that had been rendered null and void.

SENATOR FARLEY:

Are we are taking vehicles from another state deemed unsalvageable and moving them to Nevada to repair them, but they still have a salvage title?

SENATOR DENIS:

If there is a vehicle in Kentucky that is deemed nonrepairable and they allow it to go from a nonrepairable title to a salvage title, and then from a salvage title that allows the vehicle to be repaired, it becomes a rebuilt title.

If a title is issued in another state but was once titled as nonrepairable in Kentucky, and you move to Nevada, DMV will not allow the vehicle to be titled in Nevada because it had been deemed nonrepairable in Kentucky. If you owned a vehicle in Kentucky and moved to another state, they titled the vehicle, and

then you moved to Nevada, Nevada will not title the vehicle because it had been deemed nonrepairable in Kentucky.

SENATOR FARLEY:

Are there standards in place for the vehicles that state it is operable in Nevada that were deemed nonrepairable then changed to salvageable?

SENATOR DENIS:

Once it has been deemed nonrepairable in Nevada, there is no other option. That is what S.B. 172 is attempting to change. Usually insurance companies determine if a vehicle is salvageable or nonrepairable.

The DMV does have the ability to change vehicles from salvageable to rebuilt. However, they do not have a process in place to go from nonrepairable to salvage.

CHAIR MANENDO:

Is there anyone in favor of S.B. 172? Anyone in opposition, please come to the table.

WARREN B. HARDY, II (Nevada Pic-A-Part; SA Recycling):

I do not want to minimize what Mr. E. Hardy has brought to the Committee's attention. This is a real issue needing to be addressed. The problem is trying to find the right answer.

Vehicles are designated in one of four ways in Nevada: nonrepairable, salvaged, rebuilt, and clean titles. Salvaged and rebuilt can be interconnected because you can take a salvaged vehicle that has not been determined to be unsafe and turn it into a rebuilt vehicle.

The challenge in addressing this bill, specifically with reciprocity, is there are many states in the Union that do not follow best practices with regard to their titling of nonrepairable vehicles as Nevada does. The definition that is in statute in Nevada for nonrepairable is the worst of the worst. Some states inappropriately designate vehicles as nonrepairable when the vehicles should be designated as salvageable because they are potentially repairable.

Three or four sessions ago, the Legislature dealt with end-of-life for vehicles called Kill-the-VIN (vehicle identification number) legislation. This was important

because if there was a nonrepairable vehicle you wanted shredded, it had to be titled as such. The law was changed to where a list of VINs could be sent to the DMV to designate vehicles as nonrepairable and kill the VINs. The vehicles on the list can then be shredded. It is important to kill the VIN so unscrupulous people cannot go to a wrecking yard to get the VIN of a totaled vehicle to put on the same model of a stolen vehicle to get it registered. Killing the VIN has been an effective tool to streamline our businesses and protect the public. Unfortunately, passing this legislation would undo the previous legislation and would not allow killing of the VIN.

The issue is real and I want to work with Senator Denis and Mr. E. Hardy to find a resolution that would not have the consequences this bill would have.

ROBERT L. COMPAN (Manager, Farmers' Insurance; Automobile Affairs Advisory Board):

We appreciate Senator Denis for taking the time to discuss our issues and concerns. All around the Country, states have been used as havens to clean titles. As an example, with modern technology, the vehicles in Mississippi and Louisiana that were damaged during the floods and deemed unrepairable, could be cleaned up to look like new, but years down the road, especially in saltwater-prone areas, these vehicles begin to deteriorate and the electronic components fail. This bill would allow vehicles to become salvages. Repairs can be made to a salvage vehicle, and then the vehicle can be taken to a licensed body shop for verification. The body shops do not take the bumper off the vehicle, so they may not have seen the sensors to see if they are operating.

The National Motor Vehicle Titling Information System (NMTIS) is where every insurance reports a vehicle that is a total loss or unrepairable. This is a federal safety organization designed to keep permanent records of VINs of vehicles that are declared total losses or unrepairable. This system also indicates data from auction sales and salvage buyers.

With respect to Mr. E. Hardy, if this bill were to pass, the vehicle he has can be taken from a salvage title to a rebuilt title. The vehicle could then be sold on a dealer's lot. Where will the liability fall if the prior safety issues mentioned should happen?

Kentucky, where Mr. E. Hardy bought his vehicle, has a statute, Kentucky Revised Statutes 186A.530, section 6b, which states a person obtaining a

rebuilt title under this subsection shall permanently affix a plate of metal composite within the opening on the driver's side door with, "REBUILT VEHICLE - May Not Be Eligible For Title In All States." The person buying that vehicle would know that another state might not recognize the rebuilt status.

TERRY GRAVES (A & A Midwest; Western Metals Recycling):

My clients oppose this bill due to title washing. Title washing is a practice where vehicles are titled one way in a state and taken to another state to change the title designation.

Insurance companies make the determination as to whether a vehicle is nonrepairable. The vehicles that are declared nonrepairable are only good for parts and being scrapped out. The vehicles of today are different from vehicles of 40 years ago. The damaged electronics involved cannot always be detected. There have been cases where nonrepairable vehicles that have been put back on the road have resulted in fatalities from mechanical failures.

SENATOR FARLEY:

What would my vehicle insurance be if I buy a rebuilt vehicle at a dealership?

MR. COMPAN:

The vehicles will only be able to be insured with liability insurance due to the vehicle being deemed a total loss at one time. The problem is some insurance companies do not look at titles when they insure a vehicle and issue full compensation and collision insurance

A flood of vehicles could come to Nevada from other states to have the titles washed and if the vehicles are titled, insurance companies will insure them. A nonrepairable vehicle is inexpensive and has no value other than for parts and scrap metal. Insurance companies would rather not issue insurance on a nonrepairable vehicle, but are mandated on some vehicles with certain damages that can be picked up for pennies on the dollar. Insurance companies would rather issue a total loss of the vehicle and get some salvage value.

SENATOR FARLEY:

Is the concern that there is a market for the cheaper vehicles and that they will be on Nevada roads?

MR. HARDY:

It is important to remember a key point: Nevada has best practice laws about how the nonrepairable vehicles are treated.

The focus is on the salvage vehicles. These vehicles are deemed, economically, a total loss per the insurance company, but they still have repairable value. There is a process currently in State law to transfer the vehicle from a salvage to a rebuilt title with a warning to the public.

The concern with S.B. 172 is not that step, but the step of going from a nonrepairable title to a salvage title. Nevada does not have a process for this, and there should not be a process for it. If there is any redeeming value in a vehicle, it would be deemed as salvageable and not nonrepairable. Some states do not have the best practices that would allow the vehicle to become salvageable. This is why it is so important that DMV verifies the pedigree on vehicles because some states will wash the title and turn it from a nonrepairable to a salvage vehicle. The vehicle would then come to Nevada with a salvage title. It is good that the DMV checks the pedigree on vehicles and sees that at some point it was deemed nonrepairable; therefore, it cannot be titled in Nevada as a vehicle to use on the road.

I would encourage you not to get too caught up in the salvage versus rebuilt. This is a legitimate process that works well due to the best practice statutes in Nevada. The issue Mr. Hardy is talking about is legitimate. There are other states that should not deem the vehicles as nonrepairable, but as salvaged. Unfortunately, Nevada cannot fix this without consequences.

ANDY MACKAY (Executive Director, Nevada Franchised Auto Dealers Association):

There is a reason why most states deem a vehicle nonrepairable. If a vehicle is on the road, it must be safe. When I was in New Orleans in January for the National Auto Dealers Convention, I met a dealer who had two stores in upstate Louisiana and they were victims of the major flooding that occurred in August 2016. The manufacturer took it so seriously they flew out and immediately took possession of the vehicles so they could be destroyed. The manufacturer did not want to run the risk of the vehicles being sold due to the possibility of the key components being damaged and not being noticed for months or years down the road when they could fail.

It is our concern that Nevada will have a flood of vehicles, particularly from California, if the law is changed.

JAY PARMER (Concours Body Shop):

Our concern is that S.B. 172 will lead consumers to believe they will have adequate insurance coverage for a salvaged vehicle when in fact they do not. Generally, a vehicle that might be encountered in this situation has not had all the repairs completed from the original loss due to the cost effectiveness of the repair. Persons purchasing a salvaged vehicle may not be aware of the full extent of the damage incurred to the vehicle in the original loss. They assume wrongly that the current full coverage on their vehicle will take care of all the necessary repairs that would have resulted from a subsequent loss. Additionally, the new loss would be denied because the damage would be on top of the existing damage. If the DMV were to offer the salvaged title, which is different from a nonrepairable title, then the insurance companies should only offer liability coverage for the vehicles with salvage titles. This will ensure that consumers will understand the limits on the coverage and will not expect total coverage of the vehicle.

GIL GRIEVE (Owner/President, Concours Body Shop; Nevada Automotive Advisory Board):

I deal with this problem on a weekly basis. Vehicles that have been deemed total losses, selling for discounted rates and put back on the market for consumers to purchase. The biggest challenge is the consumers do not know what they are purchasing. They purchase a vehicle with safety considerations because it is thought to be good transportation, but that does not mean it is a safe vehicle. A nonrepairable vehicle should be scrapped and sold for parts. Salvage titled vehicles should not have collision coverage. The consumer does not understand what they are purchasing and the citizen taxpayer is left out in the cold not knowing what was purchased.

JON SASSER (Legal Aid Center of Southern Nevada):

For the record, one of our attorneys, Sophia Romero, has submitted written testimony ([Exhibit E](#)). We were involved with Dan Wolfe, one of our attorneys, when the best practices legislation was created a number of years ago. We believe it has worked well and are concerned that if it is changed, it could possibly put unsafe vehicles back on the road. We are in opposition of S.B. 172.

DICK MILLS (President, Reno Auto Wrecking):

I own four auto-wrecking yards in Reno and have been here for 38 years. I buy thousands of wrecked vehicles every year, and maybe 5 percent of them are nonrepairable vehicles. The nonrepairable vehicles are the lowest quality vehicles that I purchase.

When we first receive a vehicle, it is reported to the NMTIS. Federally, these vehicles become branded as nonrepairable vehicles. That branding stays with the vehicles and when the DMV runs the VIN, it will come back as nonrepairable.

CATALINA JELKH PAREJA (LKQ Corporation):

LKQ Corporation is one of the auto recycling companies operating in the State of Nevada and is in agreement with the previous testimony.

Our main concern is that Nevada's current law structure protects consumers, motorists and the automotive industry from nonrepairable vehicles being placed back on the roads.

Changing the law for nonrepairable vehicles would unintentionally make Nevada a hub for title washing. The nonrepairable vehicles should be used only as sources for parts or scrap metal.

SEAN McDONALD (Administrator, Central Services, Department of Motor Vehicles)

The Department of Motor Vehicles is neutral on S.B. 172 and has concerns echoing what has been discussed here today. The nonrepairable vehicles have been determined by a competent authority as no longer roadworthy. It is DMV's view that a nonrepairable certificate is actually a death certificate for a vehicle.

JUDE HURIN, CPM (Administrator, Management Services and Programs Division, Nevada Department of Motor Vehicles)

The Department is always willing to work with Senator Denis and all the stakeholders involved.

MR. E. HARDY:

Several issues are on the board and I agree with pretty much everyone. Mr. McDonald stated that the death certificate was equivalent to the nonrepairable vehicle. I would like mention that perhaps Kill the VIN would not have been necessary, but I do understand the analogy.

I agree with the representative from LKQ, there has to be a scrupulous investigation on every vehicle individually, which is the standard protocol in other states. Kentucky and New Hampshire are not unscrupulous and have methods in place to determine if the vehicles are safe.

Dick Mills touched on the federal NMTIS system, stating a nonrepairable vehicle will always carry over. I believe that this is incorrect. I have seen the NMTIS reports on these specific vehicles, and each one will show the history in order as it occurs from nonrepairable, salvaged and rebuilt. There is no federal brand that stays with the vehicle forever. It is changed based on the current document associated with the vehicle.

John Sasser spoke of the best practices for Nevada, and I agree Nevada is scrupulous with little inconsistency in its rules and regulations. When it comes to these types of vehicles, Nevada is more particular about what is deemed nonrepairable versus salvage. I understand that people do not want to open the floodgate to every single vehicle. If the procedures are in place to prevent the flood, which they are in the other states, you have to apply for the title changes and have the vehicles inspected within the state. There are multiple extensive procedures currently in place in those states to determine whether those vehicles are viable as salvaged as opposed to the nonrepairable.

Mr. Parmer from Concours Auto Body mentioned the issue of salvage vehicle insurers should only offer liability insurance. This is another issue that involves salvage and rebuilt vehicles not nonrepairable vehicles. As far as I know, the three salvaged vehicles I own are fully insured, but I will be verifying that information.

This bill is bold and everyone has an issue, but perhaps together it can be determined whether or not Nevada will have reciprocity with other states. The last thing is safety, and I understand that not everyone will go through the entire processes necessary to make sure the vehicle is safe.

Kentucky only allows late model vehicles no older than five years to be salvaged. These vehicles have computers, modules, and components, and each one of these individual components talks and relates to the brain of the vehicle. If one these components is faulty or malfunctioning, there will be a check engine or air bag light or other indications that there is a problem. Currently, our

practices require the vehicles get smog checked and there cannot be any indications of a safety issue.

I have a 2016 RAM 1500 that was flooded worse than any vehicle that I have had in my possession, and it has a clean title. This vehicle was stripped completely, the entire interior was removed, the dashboard and every electronic component was replaced. The wiring harness was cleaned with a solution of deoxidizer and a lubricant to prevent any corrosion. There are processes that can be done to be sure the vehicles are safe. I would be content if we put our heads together, looked at this issue as a whole, and possibly revise this bill to show reciprocity.

Ultimately, you cannot have a pre-existing document in any case scenario in any legal format supersede a current and valid document. This is what the DMV did to me. Someone mentioned a data plate on the vehicle; that may be the case in a rebuilt, but I purchased a salvaged vehicle in Kentucky.

If I have a new title issued in my name and it states Eric Hardy - salvage, no one in their right mind will say that it once belonged to Ron Paul because his title is null and void and Eric Hardy's title is valid. My conflict is the State needs to recognize the current information on a valid document over any preexisting document attached to the vehicle. If an agreement can be made to fix this issue, I would be more than content, and that is as far as this needs to go.

SENATOR DENIS:

This is a valid issue and I hope we can find a solution.

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CHAIR MANENDO:

We will close the hearing on S.B. 172. Seeing no public comment and no further business, this meeting is adjourned at 10:22 a.m.

RESPECTFULLY SUBMITTED:

Tammy Lubich,
Committee Secretary

APPROVED BY:

Senator Mark A. Manendo, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	5		Attendance Roster
S.B. 156	C	1	Michelle Van Geel	Work Session Document
S.B. 207	D	1	Michelle Van Geel	Work Session Document
S.B. 172	E	1	Jon Sasser / Legal Aid Center of Southern Nevada	Sophia A. Romero Written Testimony