

**MINUTES OF THE
SENATE COMMITTEE ON GROWTH AND INFRASTRUCTURE**

**Eightieth Session
March 21, 2019**

The Senate Committee on Growth and Infrastructure was called to order by Chair Yvanna D. Cancela at 1:36 p.m. on Thursday, March 21, 2019, 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 Yvanna D. Cancela, Chair
Senator Chris Brooks, Vice Chair
Senator Moises Denis
Senator Pat Spearman
Senator Joseph P. Hardy
Senator James A. Settelmeyer
Senator Scott Hammond

STAFF MEMBERS PRESENT:

Marjorie Paslov Thomas, Committee Policy Analyst
Debbie Shope, Committee Secretary

OTHERS PRESENT:

Judy Stokey, NV Energy
Lucas Foletta, Nevada Resort Association
Will Adler, International Brotherhood of Electrical Workers
Cameron Dyer, Western Resource Advocates
Rudy Zamora, Community Housing Improvement Systems and Planning
Association of Nevada
Annette Magnus, Battle Born Progress
Christi Cabrera, Nevada Conservation League
Charlene Albee, Director, Air Quality Management Division, Washoe County
Health District
Maria Teresa Lieberman
Janet Carter, Sierra Club, Toiyabe Chapter

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Reverend Leonard B. Jackson, Director, Faith Organizing Alliance Association,
Minister First African Methodist Episcopal Church
Gail Tuzzolo, International Brotherhood of Electrical Workers, Local Union 396
and Local Union 1245
Tom Polikalas, Southwest Energy Efficiency Project
Jennifer Cantley, Consultant, Moms Clean Air Force
Michael Willoughby
Sean McDonald, MBA, Administrator, Central Services and Records Division,
Department of Motor Vehicles
Ted Imfeld, Program Officer, Management Services and Programs Division,
Department of Motor Vehicles
Marla McDade Williams, LKQ Auto Parts
Dick Mills, Reno Auto Wrecking
Samuel McMullen, Copart Auto Auctions
Chelsea Capurro, Insurance Auto Auctions
Andy MacKay, Nevada Franchised Auto Dealers Association
Warren Hardy, II, Nevada Pick-A-Part
Craig Stevens, Manheim Auctions
Victoria Stewart, Farmers Insurance
Jeanette Belz, American Property Casualty Insurance Association
Lisa Foster, Allstate Insurance
Paul Young, United Services Automobile Association

CHAIR CANCELA:

We will open the hearing on Senate Bill (S.B.) 300.

SENATE BILL 300: Requires electric utilities to share a portion of their earnings with customers under certain circumstances. (BDR 58-302)

SENATOR CHRIS BROOKS (Senatorial District No. 3):

The Public Utilities Commission of Nevada (PUCN) sets a rate of return for electric utilities and their general rate case proceedings. This establishes how much an applicable firm can receive as compensation for selling energy to households and businesses throughout our State. Because public utilities provide critical services, it is important that rules be in place to protect the people of Nevada.

If an electric utility receives a greater amount of revenue than its set rate of return stipulated, it is only fair that at least some of this money go back to the

paying consumers. This is why I introduced S.B. 300. It would require the PUCN to create regulations for providers of electricity to share excess earnings with customers. Regardless of the rules promulgated by the PUCN, at least half of all revenues beyond what is set in the rate of return would go back to consumers under this bill.

This is a common-sense measure that will ensure the residents of our State get a fair deal when it comes to their electric utilities. This was determined by the PUCN in the last rate case, and we would like to put this in statute.

I will also note I have been working with the electric utility subject to this bill as well as the PUCN on an amendment that could include other aspects of utility rates as well.

SENATOR HAMMOND:

The bill mentions that the PUCN will consider the most recent general rate case proceeding. How often does that happen and how often does the report come out?

SENATOR BROOKS:

They are staggered. The north has a separate rate case than the south. I believe it is on three-year schedules. There are others here who can correct me if I am wrong.

SENATOR HAMMOND:

According to the bill, if the rate case states the electric utility can only make \$10,000 but it makes \$15,000, it needs to return at least 50 percent of the excess, which is \$2,500. The electric utility can actually keep \$2,500 according to that scenario, correct?

SENATOR BROOKS:

Yes. That is the intention.

SENATOR HAMMOND:

The PUCN will come up with the regulations that determine how the electric utility gives it back to the customers. What are you contemplating, that the electric utility not necessarily return monies, but maybe in some other services?

SENATOR BROOKS:

It would be returned through reduced future rates.

JUDY STOKEY (NV Energy):

To answer Senator Hammond's question, yes, we have a three-year rate cycle for the north and south and they are staggered years.

NV Energy is in support of the concept and we now have something similar in place for Nevada Power in the south. This would impact the north in the next rate case.

SENATOR HAMMOND:

Is there any other way you can envision giving that money back? It would not be money; you said future costs. Are there any other programs you foresee adding as a way to give back to the ratepayer, such as services or something else?

Ms. STOKEY:

We are anticipating it to be in lower rates, but all of the issues can be discussed during the rulemaking.

LUCAS FOLETTA (Nevada Resort Association):

The Nevada Resort Association supports this bill. We think it is an important piece of policy to protect the ratepayers. The bill is important because the rate cases are staggered. An example is Nevada Power does not apply to Sierra Pacific, while there is an earnings sharing mechanism in place, as a result of a PUCN order for Nevada Power. There is no such mechanism in place for Sierra Pacific, because its rate case preceded the Nevada Power decision that was imposed. This bill essentially resolves the issue of the staggered rate cases as it relates to the earnings sharing mechanism as proposed by the PUCN.

WILL ADLER (International Brotherhood of Electrical Workers):

The International Brotherhood of Electrical Workers is in general support of the bill and echo the comments that NV Energy made.

CHAIR CANCELA:

We will close the hearing on S.B. 300. We will open the hearing on S.B. 299.

SENATE BILL 299: Revises provisions relating to the Electric Vehicle Infrastructure Demonstration Program. (BDR 58-916)

SENATOR BROOKS:

Public schools are among the most important institutions in the State and serve hundreds of thousands of students. Those students use district-provided transportation to get to campus and back home every day. Students also use this transportation when it comes to field trips and extracurricular activities such as sports and debate. Without this critical service it would be difficult, if not impossible, for many of our students to get to where they need to go.

Unfortunately, such a high transportation demand has environmental consequences. We know that cars and school buses are among the primary contributors to greenhouse gas emissions in Nevada.

This is why I have introduced S.B. 299. It will provide incentives for our public schools to adopt electric vehicles (EVs) and the associated infrastructure for the purpose of transporting students.

The promotion of EVs is a bipartisan priority. Democrats and Republicans, including former Governor Brian Sandoval, worked to pass the Electric Vehicle Infrastructure Demonstration Program (EVIDP) in the 79th Legislative Session. This bill is an extension of both this initiative and our unified commitment to creating a more sustainable future.

CAMERON DYER (Western Resource Advocates):

Senate Bill 299 seeks to amend *Nevada Revised Statutes* (NRS) 701B, which authorizes incentives for renewable energy generation systems. In 2017, S.B. No. 145 of the 79th Session was sponsored by Senator Spearman. That bill amended NRS 701B to create the EVIDP under existing programs. It combined incentives for all the programs into a single pool and created a \$295 million maximum incentive cap. Regulations promulgated by the PUCN allocated \$15 million of that \$295 million to the EVIDP. Senate Bill 299 seeks to use a portion of the \$15 million to support the goals of the program to be used for an electric school bus pilot program.

This program has two parts. One part would be to authorize incentives of up to 75 percent of the cost of a new electric school bus. The second part is to create a partnership between electric utilities and school districts. The utility

could purchase the batteries on a school bus and the school district would purchase the chassis of the school bus. This would allow the electric utility to use a battery as stated in section 1, subsection 3, paragraph (e), subparagraphs (1) and (2) in the bill.

The intent is to ensure we use more solar energy generation that is stored in these larger batteries on the school buses during peak time. The energy would then be discharged back into the grid during peak time demands in the evening.

RUDY ZAMORA (Community Housing Improvement Systems and Planning Association of Nevada):

The Community Housing Improvement Systems and Planning Association (CHISPA) of Nevada supports this measure. It will provide additional funding for school districts to be able to invest in electric school buses.

These electric school buses do not endanger the health of school children. Since 2017, CHISPA of Nevada has organized thousands of parents, students and advocates through our Clean Buses for the Healthy Niños campaign to urge lawmakers to put our children first. This is done by transitioning school bus fleets from dirty diesel to zero emission electric.

We remain committed to this goal. We support using the EVIDP fund to enable partnerships between our electric utilities and public school districts to purchase EVs and EV charging infrastructures.

Approximately 181,000 children in Nevada ride diesel school buses to school each day. Diesel has been shown to cause numerous and significant health problems, especially in children whose lungs are still developing. These problems include decreased lung function, respiratory tract inflammation and irritation, aggravated asthma symptoms and persistent wheezing.

Diesel exhaust is also recognized internationally as a cancer causing agent and classified as a probable carcinogen by the Environmental Protection Agency. According to the American Lung Association, particle pollutant exposure has been linked to increased hospitalization for asthma attacks in children and teenagers. It can damage airways of the lungs, increase risk of death from cardiovascular disease and increase risk of lower birth weight and infant mortality.

With so many children exposed to diesel toxins it is no surprise that 1 in 12 children in our State suffer from asthma, including my son William. It has been painful as a father for me to watch my child suffer debilitating asthma attacks that put him in the hospital for days at a time. I know that not only my family suffers, there are thousands of families that suffer from these diseases.

For communities of color, the problem is particularly serious. Our families more often live near pollution sources and breathe unhealthy levels of air. The federal government admits that Latino children are twice as likely to die from asthma and African American children are four times more likely to be hospitalized due to asthma. Our children have the right to breathe clean air. Polluting school buses should not endanger them in their pursuit of an education.

Already Clark and Washoe Counties have received failing grades from the American Lung Association for the air quality, partly due to the high particle pollution from vehicle emissions. Dirty diesel school buses are hurting the health and futures of our communities. We need a transition to zero emission electric school buses.

Studies have shown that electric school buses are safer, cleaner and cheaper than their diesel counterparts. Studies also show that school districts could save thousands of dollars in fuel and operating costs each year by investing in electric school buses. School districts and public utilities around the Country are already making these investments. We are seeing results from New York to California. It is a win-win for our children and for our schools.

Nevada school districts have tight school budgets and limited funding, but the prices for electric school buses and charging infrastructure continue to drop. That is why we support innovative ways to find the funding to support our public schools and protect our children's health. We have pushed for the State to dedicate funding from the Volkswagen Clean Air Act Civil Settlement to replace diesel school buses with electric buses. Using the EVIDP funds is another way to help school districts with upfront costs. We support this investment in our children's health and encourage you to approve the funding of electric school buses through the EVIDP.

SENATOR HAMMOND:

In the bill, section 1, subsection 3, paragraph (e), subparagraph (1), describes a payment of an incentive to a customer of the electric utility—that is a public

school as defined in NRS—to install the EV infrastructure. To me, it also would include the electric hubs for EVs at each school. Does this incentivize the schools to build those electric charge hubs?

SENATOR BROOKS:

Yes, this would include the charging infrastructure for the schools.

SENATOR HAMMOND:

It would not be used just for the school buses, but if they want to put a charger at each location, if money permits, they could do that, correct?

SENATOR BROOKS:

It would be any charging infrastructure for EVs for the purpose of transporting students for public schools. That is the chargers, the electrical infrastructure to get to the chargers and anything associated with charging the school bus.

SENATOR HAMMOND:

What I am contemplating is if an employee drives an EV to school, now the school can actually put a charge hub at the school location so that the four or five people that have EVs can plug in at the school. Can it be done with this bill?

SENATOR BROOKS:

Employee parking was not the motivation for this.

SENATOR HAMMOND:

Would it be allowable under the definition in this bill?

SENATOR BROOKS:

I think it would have been allowable under the previous program; this extends it to the school bus itself. The previous program would have allowed and incentivized it for charging infrastructure for large fleets and for public agencies and things that are listed with the existing EVIDP.

SENATOR SETTELMAYER:

In different parts of the State, we operate much differently. If you are less than a mile from school, you actually do not utilize a school bus to get to school. You are told to walk because we want to save money.

There is a lot of movement of individuals, whether they are students or staff. We could reduce a lot of gasoline emissions and the amount of money being spent for fuel. Is there anything in this bill to incentivize them, rather than limiting them or dedicating it just to the transportation charging stations for a school bus?

SENATOR BROOKS:

With the EVIDP, those particular projects you are mentioning would qualify for any of those rebate programs, if it is in the NV Energy service territory. Whether it is for parents' EVs, fleet EVs, teachers' EVs or personnel EVs, the charging infrastructure for schools are already in place. All this bill is doing, in addition to those things, is making it applicable to the school buses and the charging infrastructure associated with those school buses. This does not redirect it.

SENATOR SETTELMAYER:

I will have to look closer at the bill. I am not sure current law dedicates it as well as your bill does for the public schools.

If you read in section 1, subsection 1, "The Legislature hereby finds and declares that it is the policy of this State to expand and accelerate the deployment of electric vehicles and supporting infrastructure throughout this State". We do not have an electric charging station here at the Legislative Building.

SENATOR DENIS:

What do you envision as part of the demonstration program, and how many school buses would be in this trial?

MR. DYER:

What we envision is some of this money going toward electric school buses. There are a lot of other pools available. The main issue for school districts so far has been that of a diesel school bus. As far as how big we would like to see the pilot demonstration program, we do not have any numbers at the moment. We would like to have a fairly robust process so we can get some data. Then we could convert from a demonstration program to a full program or just help bring down the cost of electric school buses in the long run.

SENATOR DENIS:

Do you anticipate we would do this instead of something else, or in addition to?

SENATOR BROOKS:

This would be in addition to because of the fact that it is a part of an existing program, the EVIDP that has a set and allocated amount of money. This does not increase that amount of money. By adding this as another applicable technology or applicable project within that EVIDP, it would be in addition to those things that are already taking place. It is similar to the project Senator Settlemeyer mentioned. It all depends on who applies for these dollars.

After the rulemaking takes place, the school districts can make their case to apply for the dollars that are already in that budget. There are other projects that are applying for those dollars, as well, and being built now. This would be in addition to those other types of projects, but under the same monetary umbrella.

SENATOR DENIS:

My understanding is the PUCN administers the program. Is that correct?

SENATOR BROOKS:

The PUCN comes up with the rules for the program. Then the program manager administers the program through the electric utility in conjunction with the Office of Energy.

SENATOR DENIS:

This does not mandate that they do this, but it gives them one more option. If they want to do it, and the school districts want to apply, they could. Will this add one more to the list that can be approved?

SENATOR BROOKS:

Yes, that is correct.

SENATOR HARDY:

How much has been given or allocated for this program? How and what have we done so far? How much leeway do we have to add to Senator Denis' question, for school buses or the charging infrastructure? Will there be any extra burden on the ratepayers?

MR. DYER:

There are representatives from NV Energy who could speak on this. NV Energy has EVIDP monthly reports and an annual plan filed at the PUCN. Since it was

authorized last year, there have been no incentives paid out under the \$15 million program. On the overall cap of \$295 million, I believe there has been about \$269 million spent on incentives or reserves so far. That could be subject to correction by NV Energy. We are coming close to using up that cap that was created in 2011 or 2013. We are not asking to expand that cap.

SENATOR HARDY:

Are you saying we better spend it before we lose it?

SENATOR BROOKS:

Yes. However, there is a portion of that \$295 million that has been allocated for the EVIDP. No monies have been paid out of the EVIDP yet. Those other dollars are either allocated, applied for or have been paid and are for other programs under the master cap of \$295 million. Nothing has been spent within the \$15 million. We feel this would be a great use of those dollars. It will enable the program to extend to the school districts for electric school buses. This would be the greatest benefit to the State.

SENATOR HARDY:

We are not taking any money away from somebody; we are looking at ways to take advantage of the grant that we already have, correct?

SENATOR BROOKS:

Yes. All of that money is allocated under previous Legislative Sessions, along with the annual plan associated with the electric utilities plan on how to advance with this program.

ANNETTE MAGNUS (Battle Born Progress):

Battle Born Progress is here in support of S.B. 299 on behalf of our 20,000 plus subscribers and the community members we work with Statewide every day.

This bill is critical to the health and well-being of all Nevadans. As a native Nevadan, I know firsthand the effects of dirty air on people of all ages in our State. This past January, I had my first asthma attack. It was caused because, like most days in Las Vegas, it had been extremely windy and I had been out in my yard all afternoon. By midnight, I felt like I was under water and could not breathe. It was one of the scariest health episodes that I ever had. It was all caused because of my severe allergies and the dirty air around us. With

S.B. 299, we have an opportunity to make progress in clean energy and invest in the health of all Nevadans, especially our young people.

School districts across the Country have already begun investing in electric school buses. States like Minnesota, Massachusetts and others are seeing positive results when it comes to daily operation, charging, fuel saving and feedback from parents and the community.

Studies have also shown that electric school buses are cheaper to maintain and operate than their diesel counterparts. It means over the lifetime of electric school buses, these can help school districts save thousands of dollars per year in fuel and maintenance costs.

Nevada should be a leader on this issue; we have a real opportunity with this bill. With these reasons and more you will hear today, we urge you to support S.B. 299.

CHRISTI CABRERA (Nevada Conservation League):

The Nevada Conservation League is here in support of S.B. 299. This legislation will enable partnerships between our electric utilities and school districts to purchase EVs and the EV charging infrastructure. Transportation from fossil fuel vehicles is the number one source of greenhouse gas emissions in Nevada.

Our health, economy and environment are all impacted. Diesel vehicles, including school buses, emit large amounts of nitrogen oxide. This pollution can lead to or worsen asthma, lung disease and other respiratory illnesses. This problem will continue to grow unless we pave the way for adoption of low emissions or EVs. These are saving customers money and reducing health and environmental impacts. We urge your support on this piece of legislation.

CHARLENE ALBEE (Director, Air Quality Management Division, Washoe County Health District):

The Air Quality Management Division of Washoe County is here in support of this bill. As a participating agency in the U.S. Environmental Protection Agency Ozone Advance Program, we are pursuing any voluntary measures we can find to reduce emissions from vehicles. Having these voluntary programs enabled us to avoid any mandatory control strategies that we may have to implement. We appreciate the work that has come through from the sponsors to bring this measure forward.

MARIA-TERESA LIEBERMAN:

First off, thank you to Senator Spearman and Senator Brooks for leadership on this measure and clean energy overall. I am here supporting this bill because our community needs it. Our Latino community and other communities of color are disproportionately hurt by environmental pollution. Latino children are twice as likely to die from asthma and black children are four times more likely to be hospitalized due to asthma.

Driving here today I saw what I and many of the children who suffer ailments have gone through for years, idling buses. There are school bus yards with buses sitting and idling, getting ready to go out and transport our children. Children are walking around all those fumes.

I am one of those people who is suffering from the health repercussions of pollution now. I have terrible allergies and get various sinus infections. Now I am seeing friends and their children grow up and suffer the same way. This bill is one step we can take to create a healthier Nevada and ensure that we can stop these health issues in their tracks.

JANET CARTER (Sierra Club, Toiyabe Chapter):

On behalf of over 5,000 members of the Sierra Club in the State, we would like to express our support for this bill. Not only does this bill further the use of clean and renewable energy in the State, it is a great step to reduce emissions. We know that air pollution from motor vehicles is the number one cause of pollution in the urban areas of our State. Unfortunately, it is getting worse, with our State being the sixth fastest growing state in the Country.

Many of our children in Las Vegas and northern Nevada rely on these school buses. The children are having to breathe these fumes. It is estimated that 1 in 12 children in Nevada has asthma. The instances of asthma are getting worse, pollution is getting worse and this is a great step toward reducing those emissions. The infrastructure is in place and we feel this is an important bill. We have submitted written testimony ([Exhibit C](#)). We think this is important for the health of our students, the health of our people and for the future of clean energy in this State.

REVEREND LEONARD B. JACKSON (Director, Faith Organizing Alliance Association, Minister First African Methodist Episcopal Church):

We are asking you to support S.B. 299 because it is an investment for our future and for our children. If we know that we can solve a problem and can ensure a brighter future for our youngsters, then that is our responsibility. Please push this bill forward and make a difference. There is hope for the future.

GAIL TUZZOLO (International Brotherhood of Electrical Workers, Local Union 396 and Local Union 1245):

The International Brotherhood of Electrical Workers is in support of S.B. 299.

TOM POLIKALAS (Southwest Energy Efficiency Project):

The Southwest Energy Efficiency Project (SWEET) is here to support S.B. 299. The health and beneficial impacts of electric transportation have been previously covered and echo those remarks.

The SWEET commissioned a study of air quality benefits which was recently released. It showed electric transportation is not only beneficial to air quality, but benefits our economy as we take a look at electricity as a transportation fuel. We produce lots of electric fuel in Nevada, but do not produce much fossil fuel. We can displace fossil fuels with a Nevada based product, electricity. There was a point made that alluded to demonstrating the efficacy and cost effectiveness of electric school buses. A pilot program will prove that school buses can operate in high heat conditions in southern Nevada. We would be able to monitor what the operating costs are and use it as an example.

How is this going to benefit other ratepayers? The Nevada Governor's Office of Energy commissioned a detailed study on the topic of transportation. It mentioned that the school buses in electric transportation can be leveraged as a grid resource. There is the opportunity of lowering everyone's rates by better utilization of the grid. This would be by using it off peak and in this case, being able to use batteries to store electricity for use at another time. This is an opportunity to not only use distributed storage but also mobile distributed storage. This is an innovative concept and I encourage you to pass this bill.

JENNIFER CANTLEY (Consultant, Moms Clean Air Force):

I am here with Moms Clean Air Force and our new program Ecomadres. We are a community of moms and dads united against air pollution and the changing climate to protect our children's health. We have been a part of the campaign

along with CHISPA since 2017. Moms Clean Air Force has helped drive the conversation about dangers the toxic diesel school buses pose to children's health. We are proud to be a part of the community that is protecting the future generations on this historic opportunity to make this change.

Not only am I a mother of a child who has allergic asthma but I myself, a native Nevadan, have been recently diagnosed with allergic asthma. My allergies are getting worse due to the pollution in the air. I urge you to pass this bill for our future generations as we are living in their past and are looking into their future.

MICHAEL WILLOUGHBY:

I have an asthma inhaler. I have carried it with me, or some version of it, every day since I was seven years old. I require this to breathe like a normal person. I do not take for granted the ability to take a big, deep breath or to breathe at all. I urge members of this Committee to please take action today so that no other Nevada child has to grow up having to carry an inhaler around. We have the opportunity to do something good today.

MS. STOKEY:

NV Energy does support EVs and electric school buses. There are a couple of minor edits we are working on with the sponsor. To answer some of the questions brought up earlier about incentives, I think it was confusing on the money. It has not been collected. It is now being collected monthly from our customers. The \$295 million is in statute. That is the total amount that we are allowed to collect for these incentives.

As of the end of February, we have spent \$253 million on various incentives, mainly solar. We have another \$16.6 million reserved and that is for projects that are currently being installed. That leaves about \$25 million.

The Legislature did not designate an amount to go to EVs. This was completed through the PUCN in one of their hearings. The \$15 million of the \$295 million is directed for EVs. That is for infrastructure and charging stations. This bill is needed if we want to allow some of this money to be used for actual electric school buses.

SENATOR SPEARMAN:

I have an EpiPen in my desk and one on the Senate Floor. If anyone has experienced the abject terror of not being able to breathe, you know how

important this legislation is. Not only is it important for economic or technology reasons, it is a matter of social justice. Many of the vehicles that pollute our air are constant as a part of the urban fabric of our lives.

CHAIR CANCELA:

We will close the hearing on S.B. 299. We will open the hearing on S.B. 22.

SENATE BILL 22: Revises the definition of salvage vehicle. (BDR 43-227)

SEAN McDONALD, MBA (Administrator, Central Services and Records Division,
Department of Motor Vehicles):

I will now read my testimony ([Exhibit D](#)).

SENATOR HAMMOND:

This bill has raised quite a bit of interest. I have a friend who called me over the summer who purchased a vehicle at an auction in California. It was a stolen vehicle, recovered, then sold to him. He had the vehicle for a few years and tried to resell it. The sale went through for about a week. The new owner then called my friend and stated he could not get a clean title for the vehicle. The sale became null and void. My friend is stuck with a vehicle he cannot get rid of and yet it is a perfectly functioning vehicle. Has this happened before?

MR. McDONALD:

Yes. These discussions do happen often.

SENATOR HAMMOND:

If those who oppose the language could work with you a little more, then everyone could come to a compromise; that would solve the problem, correct? Are those talks going to continue or are you trying to pass this and be done with it?

MR. McDONALD:

We want to continue to have discussions that are necessary. Our biggest challenge from our side is there has been a third-party determination. We are in a position of disclosure and public safety; we need to continue down this road that we are on, but certainly would continue any discussions that are needed.

SENATOR HAMMOND:

I understand your side and your department has been wonderful to work with in the past. I think there are those who would like to continue working with you and would benefit from your knowledge and understanding, and try to come up with something that works.

SENATOR DENIS:

How many states are running these vehicles through the Junk Salvage and Insurance (JSI) system? If all states are not doing this, then people are buying a car with a clear title in one state, and go to another state where that state says it is not a clear title. That is a problem. How does this fix that problem?

MR. McDONALD:

The database or system is available to all jurisdictions. I believe there are three jurisdictions that are accessing the JSI database. It is available through the American Association of Motor Vehicle Administrators (AAMVA) and those jurisdictions have access to this, if they so choose.

SENATOR DENIS:

That is a problem if only 3 out of 50 states are using this database. People come here from all over the Country with cars that have clear titles and then try to register and title the vehicle. All of a sudden it is showing up as salvaged. That is where I have an issue.

MR. McDONALD:

The Department of Motor Vehicles (DMV) receives this information from the JSI database. We have these records and this information populates every time we process a title transaction. Knowing that there was something that happened in the past, for the standpoint of transparency and from proper documentation, we cannot ignore what it is we are seeing.

SENATOR DENIS:

Can you guarantee the information you are receiving from JSI is truly a car that would be considered salvaged, as opposed to a car that has been stolen and then returned fully functioning? As in my constituent's case, the car was perfectly fine; there was nothing wrong with it. It may have just been stolen and returned. You are pulling information and saying that it is used for full transparency. Is that vehicle truly what we would consider a salvage vehicle or are you assuming it is because that is what the JSI database is saying?

MR. McDONALD:

I would reference the fact that the salvage industry are the ones that enter these vehicles into the JSI database. They are also the ones who have the ability to remove those records from the database.

The salvage industry has the ability to have a third-party appraisal done so those records do not have to be entered into the database. We are going off of information that industry has entered into the JSI database themselves.

SENATOR DENIS:

In order to clean up the database, what does a person have to do?

Mr. McDonald:

That is the core of what we are looking at here. When we have these vehicles and see the records on our side, we act accordingly. Correspondence would have to occur at a point with where those vehicles had originally come from and with whoever originally entered those vehicles into the database.

SENATOR SETTELMAYER:

I believe a lot of us have had salvage vehicles. I had one I bought at a cheap price and use it only as a ranch vehicle, because it has a salvage title. These vehicles are not necessarily ruined in any way, shape or form. How does this national database, that has three jurisdictions accessing it, relate to other systems such as Carfax, AutoCheck and others? Are they integrated?

MR. McDONALD:

At this time, Carfax and the other external entities are not picking up the JSI database records. Those entities are receiving information from the National Motor Vehicle Title Information System (NMVTIS).

SENATOR SETTELMAYER:

Sometimes Carfax and AutoCheck are better because it gives you accident reports, not just salvage and other designations. I am told there are other bills on this subject as well. Hopefully you will be able to work with all of the individuals and draft a solution that everyone can come to an agreement on.

SENATOR HARDY:

Is there a way for a vehicle to come back to life?

MR. McDONALD:

Once it has a salvage brand on the title, it can be inspected and then has a rebuilt designation on the title. It will always have some designation brand on the title.

SENATOR HARDY:

With the title?

MR. McDONALD:

Yes, that is correct.

SENATOR HAMMOND:

I want to make sure I understand. In looking through the other documents submitted, it shows you need to get one sign-off from at least one of five different entities in order to bring a vehicle back to life, correct?

MR. McDONALD:

There is an inspection that needs to be performed if you have a salvaged vehicle and you are rebuilding it. There is a third party sign-off for that.

SENATOR HAMMOND:

In section 3, subsection 7 it gives a list and has a lot of information about how to bring a vehicle back to life, correct?

TED IMFELD (Program Officer, Management Services and Programs Division,
Department of Motor Vehicles):

Once a vehicle has been deemed salvaged, it needs to be inspected by a licensed Nevada garage. There is a list of information the garage needs to check off. They inspect it to make sure it is safe. Then the DMV inspects the vehicle to make sure the vehicle identification number (VIN) is correct and has not been altered, the vehicle title is issued with a "rebuilt" brand.

SENATOR SETTELMAYER:

A constituent of mine one time had a situation when he went to register a vehicle, and was unaware someone had cloned the VIN. The vehicle was located the entire time in Washington and Nevada. He tried to register it and found out it was salvaged in Alaska. How he tried to prove that was rather problematic that someone had stolen the VIN. How does this database deal with those situations?

MR. IMFELD:

At that point, our Compliance Enforcement Division will inspect it, in conjunction with the other state. There is a confidential VIN on the vehicle which is hidden and is what the Division will inspect. From there, a decision is made as to which vehicle is the correct vehicle. If a vehicle is reported in another state, we will see that information. Then the investigation will take place.

CHAIR CANCELA:

How many vehicles fall into this category are on our roads?

MR. McDONALD:

The Department would have to pull those statistics for you. We can do that research for your answer.

CHAIR CANCELA:

I would be interested in understanding how this bill would change that number of vehicles, or how leaving it the same would change the number of vehicles with these designations.

MR. McDONALD:

We will look at that from the same context.

SENATOR SPEARMAN:

It appears that in validating the certificate of salvage, there is a program that has been developed to coordinate nationally. I was looking up the Anti-Car Theft Act of 1992 which entrusted responsibility to the U.S. Department of Transportation for a national information system. The Act was amended in 1996 and responsibility for the oversight of the system was transferred to the U.S. Department of Justice. It promotes the ongoing responsibilities to oversee NMVTIS. How much of the federal program is available to you so that you can verify without using this particular law?

MR. McDONALD:

The NMVTIS is a Nationwide titling database. It can track a vehicle as it moves throughout the Country and record any activities that may have happened. However, the JSI database, which is through AAMVA, runs in tandem but does not run connected. That is where the other information is coming from and is

the information we are now receiving at DMV in Nevada. We are using both databases to report information involving vehicles.

MARLA MCDADE WILLIAMS (LKQ Auto Parts):

Senate Bill 22 would allow the use of electronic reporting of total loss vehicles to be considered when determining the titling status of a motor vehicle.

There are many states containing titling loopholes which affords those with ill intentions the opportunity to sell motor vehicles that were previously declared a total loss, to be sold with a "clean" title. These states have unintentionally legally allowed the practice of deception as unsuspecting purchasers are unaware of a vehicle's true history prior to purchase.

The NMVTIS is the only government mandated system which requires all total loss vehicles to be reported. Utilizing this system is the only way to limit the proliferation of unethical behavior with the resale of used vehicles primarily in the private market.

I hope the Committee recognizes the many benefits this bill provides to consumers in Nevada and ask for your support of S.B. 22.

DICK MILLS (Reno Auto Wrecking):

I am here to echo what was said by Ms. Williams. I need clarification in section 2, amending NRS 487.770 where it states, "other document issued for the vehicle," it should be better defined as to what other documents are issued for the vehicle.

I also report our company's approximate 150 salvaged vehicles a month to NMVTIS which is a couple of thousand a year. I hate to admit it, but we have made a few mistakes with incorrect reporting on these titling issues to NMVTIS. The information on the vehicles has been able to be corrected.

SAMUEL MCMULLEN (Copart Auto Auctions):

Salvage pool companies are recipients from insurance companies of vehicles that have been processed through a claim. Those vehicles now are unusable and are basically going to be disposed of in some way. We have our own bill draft request and want to get this issue resolved. It is clearly an issue that is affecting Nevada citizens, our customers and your constituents. We have heard these stories for some time and this needs to be fixed. We hope to have the

chance to work with DMV and that there will be serious conversations for the benefit of Nevada constituents.

Page 2, lines 18 and 19 of the bill; DMV said they had fixed it. We think it does not go far enough to help Nevada constituents. The DMV is using that designation to title a vehicle. The information could be 10 to 15 years old that is being sent back from the JSI database. We think that the accuracy of that record and the utilization of it is most important. It is your constituents, their assets and loss of value, when all of a sudden this designation shows up ten years later. The DMV has determined this is suddenly salvage and worthless. The customer then has to go through some processes to fix the problem.

There are many stories here today, because we need you to understand that this is not about business. We did not request our bill to oppose this bill or to hurt DMV. We want to work with them and want a system that works.

CHELSEA CAPURRO (Insurance Auto Auctions):

The Insurance Auto Auctions is opposed to S.B. 22 because it allows for improper title branding of vehicles by the DMV. A proper salvage branding by Nevada law is a vehicle that is a total loss vehicle, a flood damage vehicle or a vehicle that has a salvage or similar brand from another state. An improper salvage is use of a non-state system that characterizes a vehicle as salvage, but does not reflect a state title brand.

Nevada brands a vehicle salvage even though it was never salvaged in a relevant state. Nevada creates a brand where there never was one. This is the opposite of the gold standard brand carried forward that most states honor. You heard the question of how many states are doing this. Nevada is only one of three states that is using this database. Minnesota and Wyoming are the other two and Ohio has actually put a hold on this until January 2021, until they finish their working study to fix this issue.

This is directly from NMVTIS from their website for the purpose of this system. The NMVTIS data come from multiple sources. These sources are independent and not required to follow a uniform approach for defining vehicle conditions and titling. For example, because a vehicle has been in the possession of a junk or salvage yard, does not mean a state must brand the vehicle as junk or

salvage. State laws vary in this regard and may not require application of such a brand.

The bottom line is that the standards governing these matters vary from jurisdiction to jurisdiction. Similarly, an insurance determination of total loss does not necessarily mean the vehicle was destroyed or worthless. In some cases, such as a stolen vehicle that is not recovered within a 30 day period, insurance companies may label these vehicles as a total loss. The vehicle is later recovered in perfect condition. The total loss designation is not removed and the insurance company, an auction company or salvage pool may attempt to sell the vehicle in good working order.

Consumers should be aware that the information in NMVTIS is not all the information that a state may include in its vehicle title records. Consumers are encouraged to consider accessing the actual state title record to ensure all relevant information is considered before making a vehicle purchase decision.

ANDY MACKAY (Nevada Franchised Auto Dealers Association):

Mr. McMullen set the stage in terms of what the real world effect is. We have worked with DMV to find a stopgap measure when a vehicle is improperly branded. The DMV has been great to work with and has dealt with me on countless occasions.

A dealer in southern Nevada took in trade a 2014 Nissan Frontier. Then they provided it to an auction house. It had a clean title. The dealer knew that a customer of theirs would have an interest in purchasing it. That dealer bought the vehicle from the auction house and then ultimately sold it to the customer. The consumer paid cash. The customer went to DMV to register and retitle the vehicle. The title had a brand of salvage. There is no indication anywhere that this vehicle was subject to total loss. However, in doing some research it was subject to a stolen recovered vehicle. It then became branded as salvage. This had a happy ending, because we were able to rectify the problem and get the title reissued as a clean title through DMV. I thank Mr. McDonald and his crew at DMV for that.

In talking to the dealer of this transaction, they have had to take a loss over numerous deals because the consumer in question feels the whole process has been tainted. We have talked with DMV and hopefully we can come to a resolution. It is important to note, JSI data for branding purposes is not required

by federal law. That is when this flaw arose and Ohio has put the brakes on it for a two-year period. That is why we are here in opposition on S.B. 22.

WARREN HARDY, II (Nevada Pick-A-Part):

This is an interesting bill because both the sponsors of the bill and those of us who are here would call it reluctant opposition that we are trying to fix the same problem. We use different approaches on how to fix it. The DMV has tried hard to resolve issues, including Senator Hammond's constituent.

The DMV is in a difficult position because there is this NMVTIS product that purports to provide this data and this information. As a department of the State, they cannot just simply ignore it. They have to account for it because of liability, unless this body instructs otherwise in terms of how they are to gather that information. The problem with the current processes with NMVTIS and JSI is that information is not completely accurate. It results in vehicles that should not be salvaged, being mistitled or branded as salvage.

An example is my client purchased a vehicle at an insurance auto auction with a clean Nevada title. The owner sold it to his niece and she registered it seven years ago. She received in the mail a clean Nevada title. She drove the vehicle all that time then sold it to a gentleman. She went and purchased a new vehicle. The gentleman she sold it to tried to register the vehicle and it came back branded as salvaged. She had no choice but to give the money back to the individual and took the vehicle back. It has been sitting in her driveway for six months with full insurance, because she cannot get this issue resolved.

The DMV needs direction from this Legislature on how they determine what is a salvage vehicle and what is not a salvage vehicle. Unfortunately, NMVTIS and JSI are not a reliable way to do it. My client is in the same business who spoke in favor of this legislation. My client would love to see these perfectly good vehicles dumped into the salvage fleets, but they do not think that is a way to protect the public. The DMV is certainly here to protect the public, but so are we. We look forward to working with them, because there is a resolution to this and we will come up with it.

CRAIG STEVENS (Manheim Auctions):

Our business relies on our automobiles receiving valid, unbranded ownership documentations. This is so we can provide our dealership partners legal documents for their customers to conduct their own business. We appreciate

DMV and their hard work on this issue and look forward to working with them as this bill moves forward.

Manheim Auctions receives thousands of vehicles every day, and depends on that information to be accurate. When it is not accurate, it hurts customer trust, not only buying a car from Manheim Auctions itself, but dealerships as well. We are asking for a solution that everyone can agree on so that customers know when they are buying a vehicle branded properly and they can act accordingly.

VICTORIA STEWART (Farmers Insurance):

Farmers Insurance had an incident where a vehicle was issued a clean title in Nevada in 2010. The owner found out that the DMV had changed the designation to salvage in 2018. All the correct laws and procedures were followed in order to get the clean title in Nevada. The change in the designation would devalue a vehicle. We look forward to working with DMV and it is a problem that needs solving.

JEANETTE BELZ (American Property Casualty Insurance Association):

The American Property Casualty Insurance Association sent in a letter ([Exhibit E](#)). What I want to highlight is their feeling that this would be out of step with other states if this legislation was to pass.

LISA FOSTER (Allstate Insurance):

Allstate Insurance has many of the concerns that have been stated here already. I have spoken with the head of DMV and we would like to be able to work with them to see if we can find a resolution that would be beneficial to them, to us, to constituents and to customers.

PAUL YOUNG (United Services Automobile Association):

The concerns have already been addressed on the record and we look forward to working with stakeholders and DMV to come to a solution on this bill.

MR. McDONALD:

We definitely want to work with everyone here to find a good resolution across the board.

CHAIR CANCELA:

I would like to say it is very encouraging the level of desire there is to work with you on what is a very important issue. It is clear there is a desire from the

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Committee to work with you to fix this issue. I hope you will schedule a meeting next week to talk through solutions.

We will close the hearing on S.B. 22.

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There being no further business, the meeting is adjourned at 3:08 p.m.

RESPECTFULLY SUBMITTED:

Debbie Shope,
Committee Secretary

APPROVED BY:

Senator Yvanna D. Cancela, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	8		Attendance Roster
S.B. 299	C	2	Janet Carter / Toiyabe Chapter, Sierra Club	Testimony
S.B. 22	D	2	Sean McDonald / Department of Motor Vehicles	Testimony
S.B. 22	E	2	Jeanette Belz / American Property Casualty Insurance Association	Testimony