

**MINUTES OF THE MEETING OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND
SENATE COMMITTEE ON FINANCE
SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND
TRANSPORTATION**

**Eighty-First Session
April 13, 2021**

The joint meeting of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on Public Safety, Natural Resources, and Transportation was called to order by Chair Brittney Miller at 8:02 a.m. on Tuesday, April 13, 2021, Online. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/81st2021.

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Brittney Miller, Chair
Assemblywoman Daniele Monroe-Moreno, Vice Chair
Assemblywoman Sarah Peters
Assemblywoman Robin L. Titus
Assemblywoman Jill Tolles
Assemblyman Howard Watts

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Moises Denis, Chair
Senator Chris Brooks
Senator Pete Goicoechea

SUBCOMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Sarah Coffman, Assembly Fiscal Analyst
Wayne Thorley, Senate Fiscal Analyst
Adam Drost, Senior Program Analyst
Mary O'Hair, Committee Manager
Anne Bowen, Committee Secretary
Bet Torres, Committee Assistant

OTHERS PRESENT:

Lea Case, representing ACE High School, Reno

Chair Miller:

I would like to call this meeting to order. Good morning everyone and welcome to our Joint Subcommittee on Public Safety, Natural Resources and Transportation. [Committee rules and protocol were reviewed and roll was taken].

We have two budget closings on the agenda today. Of course, we will have public comment at the end of the agenda. We will be closing budgets for the Department of Motor Vehicles and the Department of Transportation. As has become the practice with these budget closings, we will take a 10-minute recess so that members can receive closing documents.

[The Subcommittee recessed at 8:03 a.m. and reconvened at 8:16 a.m.]

I would like to welcome everybody back to the Subcommittee. As stated before, we have two budget closings today. We will begin the Department of Motor Vehicles.

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - DIRECTOR'S OFFICE (201-4744)
BUDGET PAGE DMV-21**

Adam Drost, Senior Program Analyst:

Today the Subcommittees will be closing 14 Department of Motor Vehicles (DMV) budgets, as well as the Department of Transportation Administration budget.

The first budget can be found on page 3 of your closing packet [[Exhibit C](#), "Public Safety, Natural Resources and Transportation Joint Subcommittee, Closing List #4, April 13, 2021"]. This is the DMV Director's Office that is responsible for the general administration of the DMV.

The Major Closing Issue in this budget can be found on page 4 and relates to the Administrative Cap, the Highway Fund Revenue Projections and the Department budget reductions.

In December 2020, the Department of Motor Vehicles provided its projections for Highway Fund revenue it collects for fiscal year (FY) 2021 and the 2021-2023 biennium, as well as actual collections for FY 2020, which are reflected at the table on the bottom of page 4 [[Exhibit C](#)].

As you can see, Highway Fund revenue is projected to be lower in FY 2022 and FY 2023 as projected in The Executive Budget when compared to the revenue of \$547.3 million in FY 2020 to \$460.7 million in FY 2021. This is largely due to the effects of COVID-19 as well as the redirection of the 75 percent governmental services tax to the State General Fund in FY 2021 as approved during the 31st Special Session. Highway Fund revenue falls to \$533.8 million in FY 2022 and increases slightly to \$535.6 million in FY 2023. Again, a lot of this reduction, as was projected, is due to the ongoing effects of the COVID-19 pandemic.

Fiscal Analysis Division staff would also note that *Nevada Revised Statutes* (NRS) 408.235 limited DMV from expending more than 22 percent of Highway Fund collections on administration, historically, and that excludes the gasoline tax revenue that is not subject to this limitation. This administrative cap was increased to 27 percent by the 2015 Legislature because of its approval of the Department's system transformation project, which will replace the DMV's current mainframe computer system. That increased cap is scheduled to sunset at the end of FY 2022.

Based on the Department's revenue projections, the Department's historic 22 percent cap threshold would be \$77.1 million in FY 2022 and \$77.5 million in FY 2023. If all the projected expenditures associated with the Department, as well as the system transformation effort and all other one-shot Highway Fund appropriations were considered in the calculation, the Governor's Finance Office calculates that the DMV would be under the historic 22 percent cap by \$6.2 million in FY 2022 but over the 22 percent cap by \$35,869 in FY 2023.

During the Department's presession budget hearing on January 25, 2021, the DMV Director indicated that a bill draft request would be submitted to extend the 27 percent administrative cap. In addition, due to the Highway Fund revenue projections, the DMV Director indicated during that budget hearing that the Governor recommends various budget reduction measures. That included the elimination of 64 vacant DMV positions, only purchasing one-half of the equipment scheduled for replacement, and foregoing printer maintenance over the next biennium.

During the Department's budget hearing on February 24, 2021, members of the Subcommittees expressed concerns with the Governor's recommendation to eliminate the

64 vacant DMV positions. Fiscal Analysis Division staff has provided a table documenting those 64 positions [page 6, [Exhibit C](#)]. You will note that a large portion of these positions are reflected in the Field Services Division, with 35 of those positions. Overall, this reduction provided Highway Fund savings of \$9.1 million over the biennium. In response to the Subcommittees' concerns, the Department indicated it would update its Highway Fund revenue projections in March 2021 and identify the reductions that could be restored if the revenue forecast improved. On April 1, 2021, the DMV provided updated Highway Fund revenue projections, which are provided in the table on page 7. As the table illustrates, total Highway Fund revenue is now projected to increase by \$50.5 million in FY 2022 and \$57.3 million in FY 2023, when compared to the original projections reflected in the Governor's recommended budget.

Further, the Highway Fund revenue that is considered under the Department's administrative cap, is projected to increase by \$29 million in FY 2022 and \$33.1 million in FY 2023 when compared to the original projections reflected in the Governor's recommended budget.

Based on the updated projected increases in the Highway Fund revenue, the Department requests that all 64 positions that are recommended by the Governor for elimination be retained in the upcoming biennium and funded with Highway Fund appropriations. In addition, on April 3, 2021, the Director of the Governor's Finance Office provided a letter to the Fiscal Analysis Division, Legislative Counsel Bureau, recommending all of the DMV's decision unit enhancement (E) 605 not be approved so that the 64 positions could be retained in the upcoming biennium.

The Governor's Finance Office indicates the restoration of these positions would allow the DMV to recruit and fill these vacant positions, which would provide adequate staffing levels to perform essential tasks and reduce backlogs and wait times.

The Governor's Finance Office also provided an updated administrative cap calculation based on the updated revenue projections. Based on the Governor's Finance Office calculations, which appear to include various budget amendments and technical adjustments requested by the Department, the DMV estimates it would be below the historic 22 percent administrative cap by \$1.9 million in FY 2022 and \$6.6 million in FY 2023. However, Fiscal staff will calculate a final administrative cap calculation once the DMV budgets are closed by the Subcommittees and the various recommendations regarding budget amendments and technical adjustments are considered. This final administrative cap calculation will be provided when the Subcommittees' closing report for the DMV is presented before the Money Committees.

I would also note, the Governor also recommends purchasing one-half of the computer equipment scheduled for replacement as another budget reduction measure. The DMV and the Governor's Finance Office reviewed the computer equipment recommended for replacement over the upcoming biennium. Based on this review, as well as the updated

Highway Fund projections, the DMV and the Governor's Finance Office request various changes to the computer equipment that the Governor originally recommended for replacement in the upcoming biennium. This will be discussed in the closings for the various DMV budgets, as well as the hearing for Bill Draft Request (BDR) 1135 that would provide one-shot Highway Fund appropriations to fund computer replacement in other DMV budgets.

Do the Subcommittees wish to recommend not approving the E-605 decision units in the DMV budgets that reflect the Governor's recommendation to eliminate 64 vacant positions, which would require additional Highway Fund appropriations of \$9.1 million over the 2021-2023 biennium and allow the Department to retain these positions? Fiscal Analysis Division staff requests authority to enter any necessary technical adjustments in the various DMV budgets containing these decision units and the DMV's cost allocations based on the Subcommittees' recommendation.

Chair Miller:

Members, do we have any questions?

Assemblywoman Tolles:

I want to go back to the discussion around the caps. That was something I asked about in the presession hearings. I know that we are going to be under the historic 22 percent cap for FY 2022, but we are projecting to be over in FY 2023, but only by \$35,000. What percentage does that put us at?

Adam Drost:

Assemblywoman Tolles, I would note those numbers were based on the Governor's recommendation. That did not reflect the updated Highway Fund revenue projections as well as the budget amendments⁰ and some of the technical adjustments that are included. Fiscal staff will provide an updated cap calculation once all of the technical adjustments and budget amendments are considered by the Subcommittees. That will be presented when the full Committees close the DMV budgets.

Assemblywoman Tolles:

With the BDR request to raise the cap to 27 percent, is that what is going to help us to retain those 64 positions and to pay for the equipment, or is it just the increased revenue projections? I am trying to understand how we are getting that gap filled, and what role the BDR to increase the cap to 27 percent plays.

Adam Drost:

In reviewing the draft administrative cap calculation, it appears that the increased revenue was the largest factor that contributed to allowing the retention of these positions to be considered.

Assemblywoman Tolles:

I will have questions when it comes time to look at that BDR about raising the cap to 27 percent. But I will save it for when we get to that BDR hearing as to why that is necessary. But today what I am hearing you say is that this projection of \$35,000 is going to be updated with technical adjustments, and being able to pay for the 64 positions and the computer equipment are primarily being carried by the fact that our revenues are better than we thought.

Adam Drost:

That is correct.

Assemblywoman Titus:

I want to acknowledge the DMV hearing our concerns about these 64 vacant positions. I understand that we have to balance the budget—I have said that time and time again—but I prefer that they be held in reserve pending receipt of money versus eliminating them. The DMV heard our concern and did what we hoped they would do; reassess the monies. My question revolves around the projected income of \$50 million in one fiscal year and \$53 million in the next. Does that take care of the \$9 million? Is that doing the same math? They have an additional \$50 million, so they can budget in this \$9 million?

Adam Drost:

That is correct. The revenue increased and based on that increased revenue, the state could support the additional expenditures of \$9 million over the biennium to retain those positions.

Assemblywoman Titus:

Just doing the simple math, it looks like the leftover is almost \$40 million, so it is along the same line of questioning about percentage of the cap that Assemblywoman Tolles noted. We had probably a better outcome than what I am seeing in these numbers—that we had a larger reserve just doing simple math.

Adam Drost:

Possibly. The only caveat I would throw out there, Dr. Titus, is that there will be a few technical adjustments I will mention this morning in closings, as well as some budget amendments, such as the system transformation effort—that are rather high dollar amounts. That will play into the cap as well.

Assemblywoman Titus:

My next question would be to the DMV. I know they may or may not be on the line, but I understand that these 64 positions are currently vacant, and they were going to be eliminated. At the same time, we hear about lines and lines and lines. My daughter spent an hour and one-half in line registering a car yesterday. Will this change what the DMV is going to do? If we do not approve that, will they go ahead and put these positions out for hiring?

Adam Drost:

If you would like the DMV to comment, I am sure they can. However, the Governor's Finance Office, based on the Governor's recommended budget, obviously has not allowed the DMV to fill these positions because they were up for consideration to be eliminated. Based on the Subcommittees' recommendation, if the Subcommittees and the full Committees chose to retain these positions, it would send a signal that those positions will be retained and they could be filled

Chair Miller:

Any additional questions for members? Hearing no questions, I will entertain a motion.

Senator Denis:

I will make a motion, but I want to make a quick comment. Assemblywoman Titus mentioned her daughter at DMV for an hour and a half, and I am thinking I wish we could get that fast in Las Vegas. They are doing much better, but in the old days it was like three or four hours.

SENATOR DENIS MOVED TO NOT APPROVE THE E-605 DECISION UNITS IN THE DEPARTMENT OF MOTOR VEHICLES BUDGETS THAT REFLECT THE GOVERNOR'S RECOMMENDATION TO ELIMINATE 64 VACANT POSITIONS, WHICH WOULD REQUIRE ADDITIONAL HIGHWAY FUND APPROPRIATIONS OF \$9.1 MILLION OVER THE 2021-2023 BIENNIUM AND ALLOW THE DEPARTMENT TO RETAIN THESE POSITIONS, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ENTER ANY NECESSARY TECHNICAL ADJUSTMENTS IN THE VARIOUS DEPARTMENT OF MOTOR VEHICLE BUDGETS CONTAINING THESE DECISION UNITS AND THE DEPARTMENT'S COST ALLOCATIONS BASED ON THE SUBCOMMITTEES' RECOMMENDATION.

ASSEMBLYWOMAN TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

If we could proceed to the next budget item.

Adam Drost:

Other Closing Items include new software, new equipment, transfers, as well as base budget technical adjustments for updated revenue projections, which reduced Highway Fund appropriations in this budget by \$239,826 in fiscal year (FY) 2022 and \$305,174 in FY 2023.

In addition, the Interim Finance Committee (IFC) approved the reclassification of a position at its December 18, 2020, meeting and Fiscal Analysis Division staff requests authority to enter a technical adjustment to reflect the reclassification of that position.

Fiscal staff also requests authority to adjust the cost allocation revenue in this budget from the fee-funded budgets.

Other Closing Items include the elimination of a vacant public information officer and Fiscal staff requests authority to adjust the personnel and associated costs in this decision unit based on the decision by the Subcommittees that was just made in Major Closing Issue 1. Fiscal staff recommends Other Closing Items 1 through 4 be closed as recommended by the Governor, Item 5 be closed with the noted technical adjustments, Item 6 be closed consistent with the Subcommittees' decision on Major Closing Issue 1, and requests authority for staff to make other technical adjustments as necessary.

Chair Miller:

Hearing no questions, I will entertain a motion.

SENATOR DENIS MOVED TO APPROVE OTHER CLOSING ITEMS 1 THROUGH 4 AS RECOMMENDED BY THE GOVERNOR, ITEM 5 BE CLOSED WITH THE NOTED TECHNICAL ADJUSTMENTS, ITEM 6 BE CLOSED CONSISTENT WITH THE SUBCOMMITTEES' DECISION ON MAJOR CLOSING ISSUE 1, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

If we could please proceed to the next budget.

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - FIELD SERVICES (201-4735)
BUDGET PAGE DMV-75**

Adam Drost, Senior Program Analyst:

The next budget is the Field Services Division budget and this budget can be found on page 11 [[Exhibit C](#)]. The Field Services Division is responsible for direct customer service operations of the driver licensing and vehicle registration functions.

There is one Major Closing Issue in this budget and that is the transfer of 27 positions from this budget to the Compliance Enforcement budget [page 12, [Exhibit C](#)]. The Compliance Enforcement Division serves as the regulatory arm of the DMV and provides regulation over salvage, wreckers, body shops, and the emission control program.

The Department indicates the various vehicle inspector and appraiser positions often handle many issues that are related to fraud, and these items are more closely related to the Compliance Enforcement Division. With the recommended transfer, the positions would fall under the authority of the Compliance Enforcement Division, which would eliminate the referral process and subsequent delays as issues are transferred between DMV's divisions for resolution.

As I previously mentioned, these positions deal with issues such as title fraud, stolen vehicles, towed/abandoned vehicles, and safety inspection fraud. The Department indicates that it is more appropriate for these staff to be part of the DMV's regulatory arm, which has the support of its own sworn officers.

During the Department's budget hearing, the Department indicated that the duties for the transferred positions would remain the same, although the recommended transfer would place these individuals within the same chain of command for the Compliance Enforcement Division. This would allow those individuals to handle various situations, such as fraud issues in a more timely manner.

If approved, Fiscal staff requests authority to enter various technical adjustments, including eliminating a DMV services technician position that was inadvertently included in this decision unit. Also, Fiscal staff requests to allocate the rent expenditures associated with these positions to the Compliance Enforcement Division.

Fiscal Analysis Division staff requests authority to update the Compliance Enforcement Division cost allocation based on the transfer of these positions to the Compliance Enforcement Division, since that cost allocation is based on full-time-equivalent (FTE) and should reflect these positions changes between the two budgets.

Do the Subcommittees wish to recommend the transfer of the 27 positions to the Compliance Enforcement Division and provide Fiscal staff with authority to enter the technical adjustments noted and any other necessary technical adjustments?

Senator Goicoechea:

I am wondering about moving these compliance enforcement officers. In some of the field offices, typically, when you go to register a vehicle, I see that person has to leave the field office and go out and do an inspection on a vehicle. Is that going to change? In some of the rural communities I know the assessor goes out and checks the vehicle. Will compliance and enforcement employees be doing that now?

Adam Drost:

I cannot speak in great detail, but I do know that during the budget hearing the Department indicated that the duties and responsibilities for these positions would not change. This will be a reporting structure change only.

Assemblywoman Titus:

During our hearing on this field services budget, they mentioned that Senate Bill (S.B.) 48 has been filed to help this along with county assessors. That bill looks like it was exempted, but maybe died. Will that affect any of this budget decision?

Adam Drost:

I do not believe that would affect this decision unit—this is a transfer and reporting structure change only.

Chair Miller:

Not seeing any additional questions, I will entertain a motion.

SENATOR DENIS MOVED TO RECOMMEND THE TRANSFER OF 27 POSITIONS TO THE COMPLIANCE ENFORCEMENT DIVISION AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ENTER THE TECHNICAL ADJUSTMENTS NOTED AND ANY OTHER NECESSARY ADJUSTMENTS.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Proceed please, Mr. Drost.

Adam Drost:

Other Closing Items include some travel expenditures, new equipment, and transfers, as well as base budget technical adjustments for updated revenue projections with reduced Highway Fund appropriations in this budget of \$4.8 million in FY 2022 and \$5.7 million in FY 2023. Fiscal Analysis Division staff would also note the Department utilizes a queuing system, Qmatic, to manage customers at its field offices.

The Department indicates the number of text messages increased in recent months as field offices have adapted to the COVID-19 pandemic, and the Department has modified its contract with Qmatic to increase the number of text messages to 7 million per year, which increased the contract cost.

Fiscal staff requests authority to enter technical adjustments to increase that cost from \$15,363 in FY 2022 and \$15,735 in FY 2023 to \$70,000 in each year of the 2021-2023 biennium to reflect that increased contract cost.

Other Closing Items also include the elimination of 35 vacant positions in this budget and Fiscal staff requests authority to adjust the personnel and associated costs in this decision unit based on the decision by the Subcommittees in the DMV Director's Office budget.

Fiscal Analysis Division staff would also note that Budget Amendment A215304735 was submitted by the Governor's Finance Office, which recommends Highway Fund appropriations of \$469,472 in FY 2022 and \$479,030 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office, which were not included in The Executive Budget.

I would note that you will see similar budget amendments in a few other budgets since the south Reno field office was inadvertently excluded from The Executive Budget, and budget amendments were submitted to correct that error.

Fiscal staff recommends Other Closing Items 1 through 5 be closed as recommended by the Governor, Item 6 be closed with the noted technical adjustments, Item 7 be closed based on the action of the Subcommittees in the DMV Director's Office budget, and Item 8 be closed as reflected in Budget Amendment A215304735. Fiscal staff requests authority to make technical adjustments as necessary.

Chair Miller:

Members do you have any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED THAT OTHER CLOSING ITEMS 1 THROUGH 5 BE CLOSED AS RECOMMENDED BY THE GOVERNOR, ITEM 6 BE CLOSED WITH THE NOTED TECHNICAL ADJUSTMENTS, ITEM 7 BE CLOSED BASED ON THE ACTION OF THE SUBCOMMITTEES IN THE DEPARTMENT OF MOTOR VEHICLES DIRECTOR'S OFFICE BUDGET, ITEM 8 BE CLOSED AS REFLECTED IN BUDGET AMENDMENT A215304735, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Proceed to the next budget, please.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - ADMINISTRATIVE SERVICES DIVISION (201-4745)
BUDGET PAGE DMV-37

Adam Drost, Senior Program Analyst:

The next budget can be found on page 17 [[Exhibit C](#)]. This is the Administrative Services Division, which provides support services for the Department, including revenue collection, purchasing and contracts management, budgeting, and the like.

The Major Closing Issue in this budget is credit card merchant fees. The Governor recommends credit card merchant fees expenditures of \$10 million in fiscal year (FY) 2022 and \$10.9 million in FY 2023. In total, the updated fees would be funded with Highway Fund appropriations of \$5.4 million in FY 2022 and \$6.3 million in FY 2023, with the remaining amount funded with vehicle report of sale or title processing fee revenue, and cost allocation revenue in this budget.

These fees are driven by two factors, the first being the number of credit card and debit card transactions and the second being the fees charged by Wells Fargo, the state's credit card vendor, to process these transactions.

The Department reported its historic credit and debit card transactions and the average fees to process those transactions for FY 2016 through FY 2020. That can be found in the table on page 18. As you can see, credit card fees have increased in recent years from \$7.1 million in FY 2018 to \$7.8 million in FY 2019, with a slight reduction in FY 2020 to \$7.3 million, largely related to the COVID-19 pandemic and the closure of DMV field offices.

In addition, the Department provided, on the top of page 19, the historic expenditure information, modified FY 2020 information to normalize FY 2020 expenditures to account for the COVID-19 pandemic, and projections for the upcoming biennium. As you can see, in The Executive Budget the Department projected \$9.4 million would be spent on these fees in FY 2021, \$10 million in FY 2022, and \$10.9 million in FY 2023.

The average fees per transaction have also gone up in recent years. The Department projects those average fees will continue to increase from \$6.11 in FY 2021 to a projected increase of \$6.48 per credit card transaction in FY 2023.

In addition, the number of credit card transactions have also increased in recent years. The number increased by 3.6 percent in FY 2019 and is projected to increase to 6.8 percent in FY 2021. These increases are somewhat related to the COVID-19 pandemic.

As members of the Subcommittees may recall, the Department of Taxation indicated during its presession hearing that it had recently implemented the use of credit card fee payments for taxpayers. Taxpayers who use the service and are charged a flat convenience fee of 2.2 percent. The DMV indicated that it did not plan on implementing a similar fee, as it considers merchant fees to be the cost of doing business. The Department indicates that electronic payments benefit both the Department and its customers, and while it would provide Highway Fund savings, the DMV is concerned that implementing additional fees for customers that use electronic payments would drive more customers away from completing transactions online and into the DMV offices.

In addition, the DMV estimates it would require 6,000 programming hours to implement that change and it is planning an IT transformation effort and does not believe it would be appropriate to engage in such a large programming effort in its current operating system.

The DMV also noted that the state's merchant services contract is going out to bid, and it is unknown which vendor will be chosen and whether convenience fees will be an option in the next contract. That contract is being handled by the State Treasurer's Office.

Fiscal Analysis Division staff would note that the 2019 Legislature approved expenditures of \$8.8 million in each year of the current biennium for credit card fees. In addition, the 2019 Appropriations Act allowed the DMV to transfer Highway Fund appropriations of up to \$3 million between the fiscal years of the current biennium to fund credit card fees with approval of the Interim Finance Committee (IFC). The IFC did approve the deletion of Highway Fund appropriations of approximately \$500,000 in FY 2020 and the addition of Highway Fund appropriations of approximately \$500,000 in FY 2021 to fund credit card fees. Fiscal staff would note that the Governor recommends the DMV maintain that ability to transfer Highway Fund appropriations up to \$2 million between fiscal years of the upcoming biennium with approval of the IFC.

During the Department's budget hearing, the Subcommittees expressed concern with the amount of funding required for these credit card fees and, again, the DMV reiterated that it considers this the cost of doing business, it provides a convenient method for customers to pay amounts due, and it is easier for the Department to collect than other payment measures. The DMV indicates with cash there are costs for time spent opening, balancing, closing cash drawers, preparing deposits, paying for armored services for transporting deposits to the bank, processing adjustments, and resolving issues. This is not the case with electronic payments.

The Department also indicated that it projects credit card fees will continue to increase as DMV customers are encouraged to complete their transactions online and the Department continues to modify its systems to allow additional services to be conducted online. The Department pointed to its recent MyDMV web portal enhancements to allow individuals without a social security number to complete transactions through that portal. The DMV also

indicated that it recently added driver's license and identification card renewal transactions online, which allows those transactions to be completed online rather than in a field office.

Nevada Revised Statutes (NRS) 353.1465 allows state agencies to collect a convenience fee for costs associated with credit card fees but the amount collected may not be greater than the agency's credit card fee expenditures in a fiscal year. Accordingly, the Subcommittees expressed interest in the possibility of a convenience fee for credit card transactions. The DMV maintained that its customer base is much larger and different from the Department of Taxation, with Taxation generally dealing with businesses while the DMV serves many more customers who may not be willing to pay the additional fee. The DMV expressed its concern that implementing a fee would drive people into the field offices to avoid the fee, with the Department noting that many customers struggle to pay the current average registration fee of \$232. If that were to occur, the DMV believes implementing a fee could lead to increased wait times and costs to process other methods of payment.

The Department also reminded the Subcommittees that it is undergoing an IT system transformation effort, and it did not seem prudent to implement the extensive changes needed. During the Department's budget hearing for the System Technology Application Redesign budget on March 17, 2021, the DMV indicated its new financial system would be required to collect credit card fees if a future Legislature decides to implement such a fee. I would note the Department provided updated expenditure projections on March 29, 2021 [page 21, [Exhibit C](#)]. The chart on page 21 reflects the revised credit card merchant fee expenditures for the upcoming biennium, based on the additional expenditure information through February 2021. As illustrated in the table, the Department's updated projections reflect a slight reduction of \$113,485 over the 2021-2023 biennium when compared to the amounts in The Executive Budget.

Since the revised DMV projections incorporate the latest expenditure information, the Subcommittees may consider providing Fiscal staff with authority to enter the Department's revised expenditure projections. Fiscal staff would also request authority to enter technical adjustments to adjust the cost allocation that funds a portion of these expenditures with funding from DMV fee-funded budgets since the Department has provided a revised cost allocation.

The Subcommittees could also consider taking action similar to the 2019 Legislature concerning credit card fees, whereby expenditures of \$8.8 million were approved in each year of the 2019-2021 biennium for credit card fees. In addition, the 2019 Appropriations Act allowed the DMV to transfer Highway Fund appropriations of up to \$3 million between fiscal years. As I noted, the Governor recommends the DMV maintain the ability to transfer Highway Fund appropriations between fiscal years of the 2021-2023 biennium to fund credit card merchant fees with approval of the Interim Finance Committee (IFC).

Similar to the action of the 2019 Legislature, the Subcommittees may consider approving the Department's revised projected credit expenditures of \$10 million in FY 2022 and apply that \$10 million in each year of the upcoming biennium and provide the Department with the ability to transfer Highway Fund appropriations to fund credit card fees between the fiscal years in the 2021-2023 biennium, with the approval of the IFC. However, I would note, this option may increase the likelihood of the Department requesting a supplemental Highway Fund appropriation during the 2023 Legislative session.

On page 22 [[Exhibit C](#)] there are two options for the Subcommittees' consideration. Option A is to approve the Governor's recommendation for credit card fees and provide Fiscal staff with authority to make technical adjustments to reflect expenditures of \$10 million in FY 2022 and \$10.7 million in FY 2023, based on the Department's updated projections. When compared to the amounts in The Executive Budget, this option would result in a reduction in Highway Fund appropriations of \$113,485 over the 2021-2023 biennium. In addition, approve the Governor's recommendation to provide the DMV with the ability to transfer Highway Fund appropriations of up to \$2 million between fiscal years of the 2021-2023 biennium to fund credit card fees with approval of the IFC.

Option B is approve the Department's revised FY 2022 credit card fee projections of \$10 million in both FY 2022 and FY 2023 and provide the Department with the authority to transfer Highway Fund appropriations of up to \$2 million between each fiscal year of the 2021-2023 biennium to fund credit card fees. When compared to the amounts in The Executive Budget, this option would result in a decrease of Highway Fund appropriations of \$785,535 over the 2021-2023 biennium. However, this may increase the likelihood of the Department requesting a supplemental Highway Fund appropriation during the 2023 Legislative session.

Fiscal Analysis Division staff requests authority to enter any necessary technical adjustments including updates to the cost allocation for the fee-funded budgets and incorporating back language in the Appropriations Act based on the action of the Subcommittees.

Chair Miller:

Thank you and do we have any questions from members?

Assemblywoman Tolles:

I have a couple of questions. Obviously, we have a lot questions and concerns around absorbing that 2.2 percent fee, and I do agree that we really should be looking at transferring over that fee to the public, as we see the Department of Taxation is doing. But I understand during the pandemic that might be difficult to do.

I was curious though, on page 20 [[Exhibit C](#)] it says that the DMV estimates it would require 6,000 programming hours to make that transition. Do we know what the estimated cost of 6,000 hours would be to the Department?

Adam Drost:

I do not have a total amount for that. If they were Master Services Agreement (MSA) contractors, those can range from \$100 to \$150 per hour, to give you an idea of the estimated cost if they were to use external MSA contractors to perform that service. And as I noted, there is the system transformation effort by the Department to move from the current system to an updated system.

Assemblywoman Tolles:

I think what we need to evaluate is the cost benefit analysis of that transition and the right timing for that transition, but also what we can recoup in General Fund savings or Highway Fund savings with what we would be expending. I would note that the decision before us between option A and option B is that with option A we get a little less of a reduction this time around and with option B we have a greater reduction, but we may have to come back in 2023. I think it would be prudent for this body to consider how transferring those processing fees to the public may be a fix in 2023 instead of having to come back for a greater allocation. I just wanted to share how I am reasoning through this.

Assemblywoman Titus:

On page 18 you gave us a breakdown of credit card transactions. In 2016, there was actually more than in 2020. Do you think that was due to COVID-19 perhaps, where they did not renew their registrations or did not get licenses? That is a pretty significant drop, but during 2019 there was also a drop in credit card transactions, so I am not sure I heard a reason for that.

Adam Drost:

I would note in mid-2017 the state transitioned to Wells Fargo for credit card processing and that affected some of the distribution between credit card and debit card transactions.

Assemblywoman Titus:

Thank you for that. Then on page 19 we had another chart where the actual fees—and I think what the shocking thing is to all of us and why we have been pushing for several sessions now to find a way to get reimbursed for this fee—went from \$2.69 in 2016 to \$6.48. Although I think it is expensive to register my car, it has not gone up by almost 200 percent. That is why I think it time to rethink what we are doing here on this credit card fee transaction. I think that is more of a comment than it is a question.

Chair Miller:

I will entertain a motion on option B.

Senator Denis:

Just a comment—I think I agree with option B and as we talked about this, one of the issues on the fees and changing it now would be the huge cost in changing programming, when we are just going to turn around and replace it with a new one. They will not have that ready until 2023, is that correct?

Adam Drost:

The Department has not created a formal timeline for implementation of the system transformation effort, so that is to be determined.

SENATOR DENIS MOVED TO APPROVE THE DEPARTMENT OF MOTOR VEHICLES REVISED FISCAL YEAR 2022 CREDIT CARD FEE PROJECTIONS OF \$10 MILLION IN BOTH FISCAL YEAR 2022 AND FISCAL YEAR 2023 AND PROVIDE THE DEPARTMENT WITH AUTHORITY TO TRANSFER HIGHWAY FUND APPROPRIATIONS UP TO \$2 MILLION BETWEEN EACH FISCAL YEAR IN THE 2021-2023 BIENNIUM TO FUND CREDIT CARD FEES AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ENTER ANY NECESSARY TECHNICAL ADJUSTMENTS INCLUDING UPDATES TO THE COST ALLOCATION FOR THE FEE-FUNDED BUDGETS AND INCORPORATE BACK LANGUAGE IN THE APPROPRIATIONS ACT BASED ON THE ACTION OF THE SUBCOMMITTEES.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Please proceed to the next item.

Adam Drost:

Other Closing Items include new equipment, replacement equipment, and base budget technical adjustments for updated revenue projections which reduced Highway Fund appropriations in this budget by \$1.4 million in FY 2022 and \$1.2 million in FY 2023. In addition, there is the elimination two positions and Fiscal staff requests authority to adjust the personnel and associated costs in that decision unit based on the decision by the Subcommittees in the DMV Director's Office budget. There is also Budget Amendment A215314745, which recommends Highway Fund appropriations of \$9,997 in FY 2022 and \$10,202 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office, which were not included in The Executive Budget.

Fiscal Analysis Division staff recommends Other Closing Items 1 through 4 be closed as recommended by the Governor, Item 5 be closed with the noted technical adjustments, Item 6

be closed based on the action of the Subcommittees in the DMV Director's Office budget, and Item 7 be closed as reflected in Budget Amendment A215314745. Fiscal staff requests authority to make technical adjustments as necessary.

Chair Miller:

Members, are there any questions? Hearing none, I will take a motion.

SENATOR DENIS MOVED TO CLOSE OTHER CLOSING ITEMS 1 THROUGH 4 AS RECOMMENDED BY THE GOVERNOR, ITEM 5 BE CLOSED WITH THE NOTED TECHNICAL ADJUSTMENTS, ITEM 6 BE CLOSED BASED ON THE ACTION OF THE SUBCOMMITTEES IN THE DEPARTMENT OF MOTOR VEHICLES DIRECTOR'S OFFICE BUDGET, ITEM 7 BE CLOSED AS REFLECTED IN BUDGET AMENDMENT A215314745, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Can we proceed with the next budget, please?

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - AUTOMATION (201-4715)
BUDGET PAGE DMV-31**

Adam Drost, Senior Program Analyst:

The next budget is the Department of Motor Vehicles (DMV) Automation budget, and this budget supports the Motor Vehicle Information Technology Division for the Department.

One Major Closing Issue in this budget can be found on page 26 [[Exhibit C](#)], and this is the reclassification of seven classified positions. The Governor recommends Highway Fund appropriations of \$81,715 over the biennium to reclassify seven classified Information Technology (IT) positions.

This recommendation is based on a review by the Division of Human Resource Management. The seven positions are reflected in the table on page 26. One IT manager 2 position is being reclassified as an IT manager 3 position, based on the Division of Human Resource Management review of that position that found that the reclassification was warranted due to its work in project management, fiscal budget planning, and implementation.

The five current IT professional 4 positions are recommended to be reclassified as IT manager 2 positions. Again, this is based on the Division of Human Resource Management's review of those positions that found they were working at the level of an IT manager 2 position.

There is one other position, IT technician 3, that is recommended to be reclassified as a business process analyst 1 position. The Department indicates the proposed change is due to the position requiring extensive knowledge and working with both IT and program staff, and it is more aligned with the business process analyst position reclassification.

During the Department's budget hearing, the Department indicated that the duties associated with these positions have changed over time as the Department's Combined Automotive Revenue and Registration System (CARRS) has grown in size and complexity. These positions have assumed more responsibility as that system has grown. It was also noted that the Division of Human Resource Management reviewed these positions in 2018 and the Subcommittees asked why those reclassifications were not recommended during the 2019 Legislative session. The agency indicated that the reclassifications were included in the agency's requested budget, however the Governor did not include them in The Executive Budget presented for the 2019 Legislature, but has for the 2021 Legislature's consideration.

I would note that the IT technician 3 position is currently filled, and the Nevada Administrative Code (NAC) specifies the employee's movements on the salary schedule. Based on NAC, if the Subcommittees recommend approval of this reclassification, this position should be budgeted at a higher step, and Fiscal Analysis Division staff would request authority to enter a technical adjustment to correct this oversight.

Do the Subcommittees wish to recommend the reclassifications of these seven positions contingent on approval of the reclassifications by the Division of Human Resource Management and provide Fiscal Analysis Division staff with authority to correct the budgeted salary for the IT technician 3 position and make other technical adjustments as necessary?

Chair Miller:

Members, are there any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED TO APPROVE THE RECLASSIFICATION OF SEVEN POSITIONS, CONTINGENT UPON APPROVAL OF THE RECLASSIFICATIONS BY THE DIVISION OF HUMAN RESOURCE MANAGEMENT AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO CORRECT THE BUDGETED SALARY FOR THE INFORMATION TECHNOLOGY (IT) TECHNICIAN 3 POSITION AND MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

May we move on to the next item.

Adam Drost:

Other Closing Items address replacement equipment and new equipment as well as base budget technical adjustments for updated revenue projections that increased Highway Fund appropriations in this budget by \$1.7 million in FY 2022 and \$1.6 million in FY 2023.

The Executive Budget also inadvertently included a balance forward of \$13,900 from FY 2021 into FY 2022. Fiscal Analysis Division staff requests authority to enter technical adjustments to eliminate this balance forward in FY 2022.

Fiscal staff also requests authority to adjust the cost allocation revenue that supports this budget with funding from the various DMV fee-funded budgets.

Other Closing Items include the elimination of seven vacant positions in this budget and Fiscal staff requests authority to adjust the personnel and associated costs in this decision unit based on the decision by the Subcommittees in the DMV Director's Office budget.

Also, Budget Amendment A215244715 recommends Highway Fund appropriations of \$14,228 in FY 2022 and \$14,519 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office, which were not included in The Executive Budget.

Fiscal Analysis Division staff recommends Other Closing Items 1 through 3 be closed as recommended by the Governor, Item 4 be closed with the noted technical adjustments, Item 5 be closed based on the action of the Subcommittees in the DMV Director's Office budget, and Item 6 be closed as reflected in Budget Amendment A215244715. Fiscal staff requests authority to make technical adjustments as necessary.

Chair Miller:

Members, are there any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED OTHER CLOSING ITEMS 1 THROUGH 3 BE CLOSED AS RECOMMENDED BY THE GOVERNOR, ITEM 4 BE CLOSED WITH THE NOTED TECHNICAL ADJUSTMENTS, ITEM 5 BE CLOSED BASED ON THE ACTION OF THE SUBCOMMITTEES IN THE DEPARTMENT OF MOTOR VEHICLES DIRECTOR'S OFFICE BUDGET, ITEM 6 BE CLOSED AS REFLECTED IN BUDGET AMENDMENT

A215244715, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF
TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Can we proceed to the next budget?

PUBLIC SAFETY

DEPARTMENT OF MOTOR VEHICLES

DMV - SYSTEM TECHNOLOGY APPLICATION REDESIGN (201-4716)

BUDGET PAGE DMV-15

Adam Drost, Senior Program Analyst:

Budget account 4716 can be found on page 31 [\[Exhibit C\]](#), and this is the System Technology Application Redesign, or the STAR budget. This budget was established to isolate the expenditures associated with the replacement of the Department of Motor Vehicles (DMV) current Common Business Oriented Language (COBOL) mainframe and PowerBuilder computer system with a new integrated computer system that will operate on a single platform. The STAR project is funded in the current biennium with Technology Fee revenue exclusively, although Highway Fund appropriations were provided for this project in prior biennia. Pursuant to *Nevada Revised Statutes* (NRS) 481.064, the Technology Fee revenue is collected by assessing a \$1 technology fee on any transaction performed by the DMV for which a fee is charged.

On page 32 you can see the Major Closing Issue, which is the continuation of the DMV transformation effort. The Executive Budget recommends reserve reductions of \$5.4 million over the biennium and extending the collection of the \$1 technology fee in FY 2023 to continue the DMV's transformation effort that would replace the Department's existing computer system. To further support this project, Budget Amendment A215024716 was submitted on March 12, 2021, that recommends Highway Fund appropriations of \$49.6 million over the 2021-2023 biennium and reserve reductions of \$7.3 million in FY 2023.

To provide some project background, the 2015 Legislature initially approved the Governor's recommendation to begin the replacement of the Department's current system. At that time, the Department projected that system would require five years to implement, FY 2016 through FY 2020, for a total cost of \$109.4 million. After the 2015 Legislature approved the start of the project, the Department selected a vendor in April 2016. However, in January 2018 after some issues with the selected vendor, the Department implemented a "get well" pause for the project. In 2018, the Department released a request for proposal for a

replacement driver license and vehicle registration system with an integrated financial system. However, only one vendor responded to the request for proposal, and in early 2019 the request for proposal evaluation committee rejected the vendor proposal.

I would note the Department has spent \$33.4 million on this project to date, and the Department indicated during the 2019 Legislative session that it would take a revised approach for the project by conducting a baseline study of the existing system and needs. Based on this revised approach, the 2019 Legislature approved seven new master service agreement contractor positions as well as software to provide data cleansing services. The 2019 Legislature also approved a vendor to conduct the baseline study of the Department's existing IT systems and needs, a contractor to provide independent verification and validation services, a part-time master service agreement project manager position, contract services to update the DMV website, as well as eight full-time state positions to assist with the continuation of this project in the current biennium.

During the Department's presession hearing in January 2021, the Department indicated that it enhanced the MyDMV web portal to allow access to residents without social security numbers. It implemented changes that allow drivers licenses to be renewed online; hired a contract position and implemented software to begin data cleansing; completed the baseline assessment, alternative analysis, and road map to determine future planning for this project; combined the Management Services and Programs Division staff and the STAR staff under a reorganized Research and Project Management Division; and continued efforts to redesign the Department's website.

The recommendations in The Executive Budget reflect the continuation of eight full-time state positions; a contractor to provide independent verification of validation services, project oversight, and change management services for a cost of \$2.6 million over the biennium; one part-time master service agreement project manager position; as well as data cleansing software.

The Executive Budget also includes decision unit enhancement (E) 235, which recommends the continuation of the \$1 technology fee. As I mentioned, this is established in NRS and allows the DMV to collect the nonrefundable \$1 fee on any transaction performed by the DMV for which a fee is charged. Under current law, that fee is set to expire on June 30, 2022, however, the Governor recommends extending the collection of this fee. The Department indicates Bill Draft Request (BDR) 1096 has been submitted to support extending the collection of the fee as well as extending the DMV's current administrative cap of 27 percent. Historically, NRS 408.235 limited the DMV from expending more than 22 percent of Highway funds on administration. However, the Department's administrative cap is currently raised to 27 percent through June 30, 2022.

The 2019 Legislature extended the collection of the technology fee through FY 2022, through the passage of Senate Bill 542 of the 80th Session. It should be noted that S.B. 542

of the 80th Session, which was passed in the Senate with a simple majority, was later challenged in court to determine whether a two-thirds majority vote was required for that legislation. The district court ruled that the bill generated revenue for the state and as such required a two-thirds majority in both houses of the Legislature to pass. However, the district court decision has been appealed to the Nevada Supreme Court and a final decision has not been issued as of today. Based on the Governor's recommendations, it appears the DMV would maintain a minimum level of \$11.1 million in this budget to possibly address refunding this fee based on the outcome of the case before the Nevada Supreme Court.

I would note another decision unit in this budget, E-241, recommends reserve reductions of \$102,900 in each year of the biennium to increase the master service agreement project manager from a part-time position to a full-time position.

As I noted, the 2019 Legislature approved funding for a vendor to conduct an independent baseline assessment, and that was completed in June 2020. As part of that effort, the study provided an analysis of process issues, technology needs, and options for modernization improvements for the DMV's current operating environment and system, the Combined Automotive Revenue and Registration System (CARRS) application. The Department also completed a road map document that provided a pathway to complete the transformation of the DMV systems, environment, and business structure. The Department indicates this road map emphasizes new ways to conduct business that center on online strategies whenever possible, with the Department indicating that the COVID-19 pandemic has forced an adjustment to its transformation efforts by bringing forth the need for a virtual DMV field office similar to those recently launched by the California DMV.

The DMV plans on moving some business processes to a cloud services platform hosted by Salesforce that was designed and implemented by Slalom for the California DMV. The Department indicates this will enable Nevada residents to conduct most DMV business online, which would allow telecommuting by DMV staff.

The Department has provided seven initiatives that can be found on page 34 [[Exhibit C](#)] that would basically be addressed over the next four fiscal years as this project moves forward. The initiatives are as follows:

1. Program Organization
2. Customer Experience Transformation
3. Data cleansing
4. Finance and Accounting Transformation
5. Driver Licensing/Credentialing Transformation
6. Titling/Registration Transformation
7. Compliance and Enforcement Transformation

The Department indicated during the budget hearing that the total cost for this project would be \$110.4 million over the next four years (FY 2022 through FY 2025).

As I mentioned earlier, The Executive Budget initially recommended funding a large portion of the DMV transformation effort through a one-shot Highway Fund appropriation bill. However, this appeared to create an issue for the DMV's cap calculation since it would provide a significant Highway Fund appropriation in one fiscal year causing the DMV to exceed its administrative cap in that year. Accordingly, the Governor's Finance Office submitted Budget Amendment A215024716 on March 12, 2021, which recommends Highway Fund appropriations of \$49.6 million over the 2021-2023 biennium and reserve reductions of \$7.3 million in FY 2023 to move this project forward.

Page 36 [[Exhibit C](#)] begins the discussion of what was included in that budget amendment and this includes the 21 new state positions, which are slated to begin in September 2021 and October 2021. These positions would serve as subject matter experts, project managers, and technical team members. In addition, the budget amendment recommends funding of \$7.7 million over the biennium for 20 master service agreement contractors to support the DMV transformation efforts, data cleansing efforts, as well as technical positions, business analysts, and project managers.

A large portion of the budget amendment includes contracts and software costs with the budget amendment recommending funding of \$44.8 million over the biennium for various contract and/or services that would support the DMV transformation efforts. Those contract costs are provided on page 37 [[Exhibit C](#)].

Some of the larger costs would be the Slalom consulting, which assisted the California DMV, and they have been identified as the integrator for the DMV system transformation effort. In addition, the Department plans on a new financial management system service cloud to support the application, as well as a quality assurance organizational change management contractor.

Moving to page 38, the budget amendment also recommended funding totaling \$117,600 over the biennium for in-state travel expenditures for staff to participate in joint application development and office deployment sessions. The budget amendment also recommended funding of \$126,000 over the biennium for training costs in the new system. Finally, the budget amendment included operating costs totaling \$404,904 over the biennium for various operating costs that include 12 laptop computers and associated hardware, software, phone lines, operating supplies, and building rent.

I would note, the Department indicated that they could house these new state positions and the master service contract positions at the DMV headquarters in Carson City.

During the Department's budget hearing on March 17, 2021, the Subcommittees had numerous questions about the DMV's transformation effort and how this project would progress in the upcoming biennium. The DMV indicated that it had not yet developed a formal timeline for the implementation of the seven project initiatives but would prioritize the activity that would allow additional transactions to be completed online. The Department indicated that, as an example, it would prioritize private party sales since individuals currently need to conduct these transactions at a DMV field office.

Fiscal Analysis Division staff would also note that the DMV provided its projections for the cost of the project during the earlier budget hearing of \$110.4 million; however, those amounts did not include the cost associated with the existing STAR budget, including the eight positions in the base budget. Accordingly, Fiscal staff requested revised projections for the project including expenditures included in the STAR base budget that were included in The Executive Budget.

The Department provided its updated expenditure projections and those can be found at the bottom of page 38 [\[Exhibit C\]](#). The Department clarified that the total cost of this project would be \$114.9 million over the four-year period.

As far as the new state positions, during the budget hearing the Department indicated those new state positions would backfill existing state positions that would serve as subject matter experts to provide technical expertise for the project. The Department also indicated that it proposes to retain the eight positions in the base budget, as well as seven positions recommended in the budget amendment due to their knowledge of the new system. However, the continuation of those positions after this project is complete will be determined by a future Legislature.

Fiscal Analysis Division staff would also note that eight of the new state positions are recommended to begin in September 2021, however the anniversary date for these positions is reflected as October and Fiscal staff requests authority to align those anniversary dates with the planned hire dates.

As far as the master service agreement contract positions, the Department indicated these 21 sunseting master services agreements contract positions are needed due to the complexity of the DMV system and business processes. The Department indicates it intends to maintain its existing system while the new system is developed. The Department further indicated that some of the justification for having these additional skilled positions working on the project was to provide for data transfers between the existing system and the new system as additional functionality is implemented.

Regarding contracts and software, the Department indicated that it developed these expenditure amounts after analyzing the existing CARRS application and developing its plan to create a virtual DMV field office, similar to the one recently launched by the California

DMV. The Department indicated it utilizes direct quotes from some vendors, and requests for proposal documentation received from other governmental agencies. The Department indicates that it intends join into contracts of other governmental agencies as allowed by NRS 332.195.

The DMV indicates the Slalom team will be conducting all configuration, development, and programming for the planned Salesforce cloud application and MuleSoft software solution. These services and applications comprised the largest portion of these contract expenditures, and the DMV provided additional detail regarding the calculation of these projected costs, with the Department indicating it provided a list of its current transactions and the volume for those transactions, as well as the processes used by its existing systems. The vendors then evaluated that work effort related to those items and defined the work effort in terms of specific activities and phases to come up with their cost proposals.

Fiscal Analysis Division staff would note the Department indicates the contract costs associated with the quality assurance organizational change management contractor was inadvertently included in both the base budget as well as the budget amendment. Fiscal staff requests authority to remove those contractor expenditures of \$1.3 million in each year of the biennium from the base budget.

During the budget hearing, the Subcommittees were interested in hearing about the need for in-state travel. The Department indicated that this travel was related to joint application development and office deployment sessions that would allow various project members to work together in one location. The Department indicated this travel, which would cover an entire week, would allow for face-to-face interaction and whiteboarding of various processes and solutions. The Department reanalyzed the positions that would be participating in this travel and the associated costs. Based on this analysis, the DMV indicates the in-state travel expenditures could be reduced from \$58,800 to \$33,942 in each year of the biennium. Fiscal staff requests authority to enter technical adjustments to reflect these reduced travel expenditures.

As far as operating expenditures, the Department indicated plans to house the 21 new state positions and 21 master service agreement contract positions at the DMV's headquarters in Carson City. When asked whether space would continue to be available if the Subcommittees restored positions that were recommended to be eliminated by the Governor, the Department indicated that the majority of the positions proposed for elimination are in the various Field Services Division offices. The DMV confirmed it has office space available and equipment for the new staff if the positions recommended for elimination are restored. However, the Department indicates that if the need arises for additional space or staff, it will submit a work program for consideration.

Fiscal Analysis Division staff would also note that the budget amendment included estimated rent expenditures of \$155,182 in each year of the biennium. Although the Department indicates that additional space is not needed for the new state positions, the Department indicates adjustments are needed to reallocate existing office space among staff in this budget and its other budgets. Fiscal staff requests authority to reallocate office space between the various DMV budgets to account for the additional staff members. Fiscal staff also requests authority to budget Office 365 software for the new positions using the Enterprise IT Services schedule, rather than the equipment schedule, which is consistent with how this software is budgeted for other DMV staff.

Fiscal Analysis Division staff would also note this budget is currently projected to balance forward \$13.3 million from FY 2021 into FY 2022. However, The Executive Budget reflects a discrepancy whereby only \$12.5 million is reflected as a beginning balance in FY 2022. Fiscal staff requests authority to correct this discrepancy in the balance forward amount.

During the budget hearing on March 17, 2021, the Subcommittees expressed concern whether this project would be successful due to the issues the DMV experienced with prior system modernization efforts. In response, the Department assured the Subcommittees it had learned its lessons from prior efforts, which included employing new leadership and assembling team members with appropriate expertise. Despite the Department's assurances, the Subcommittees could consider various recommendations that would provide measures of accountability for the Department. These could include:

- Budgeting for the various contract and software costs recommended by the Governor for this project but placing that funding in reserve in FY 2023. This would allow funding to be provided for those costs in FY 2022 to begin the project. However, the DMV would need to approach the Interim Finance Committee and receive approval before that funding could be transferred from reserves to an expenditure category in FY 2023 as the project continues. This would provide the Interim Finance Committee with an opportunity to control some funding and receive updates on the project.
- As another option, the Subcommittee could consider issuing a letter of intent requiring semiannual reports to the Interim Finance Committee on the project. Information provided in these reports could include:
 - An overview of activities, updates on implementation, and projected deployment timelines.
 - A summary of change management efforts.
 - An overview of the activities of the project vendors.
 - A list of project deliverables received and anticipated for the next reporting period.

- An update on the staffing levels for the project, including vacancies and recruitment activity for both state positions and master service agreement contractors.
- A summary of categorical expenditures incurred to-date on the project and cost projections for the remainder of the project.
- A summary of any findings of the Quality Assurance/Organizational Change Management contractor including copies of the contractor's reports.
- A plan for the system to account for, and collect, credit card fees.

On page 41 [[Exhibit C](#)] are the decisions for the Subcommittees. Do the Subcommittees wish to recommend continuing the DMV's transformation effort by:

- Approving the continuation of the DMV transformation effort that would replace the Department's existing computer system in the 2021-2023 biennium, inclusive of decision unit E-241 and Budget Amendment A215027416.
- Providing Fiscal staff with authority to enter technical adjustments to correct the anniversary dates for the new positions, reduce travel expenditures, eliminate the Quality Assurance/Organizational Change Management contractor expenditures in the base budget, correct the balance forward amount in FY 2022, include Office 365 software for the new positions using the Enterprise IT Services schedule, and reallocate the square footage of the Department's Carson City headquarters among the various DMV budgets to reflect the additional staff in this budget.
- Placing the planned expenditures for the contract and software costs of \$22.4 million in FY 2023 in reserves which would require the DMV to request Interim Finance Committee approval before being utilized.
- Recommending a letter of intent be issued to the DMV requiring semiannual reports to the Interim Finance Committee on the status of the Department's transformation effort.

Fiscal Analysis Division staff requests authority to make any necessary technical adjustments.

Chair Miller:

Thank you for that. I know you definitely need a break after that. That was fabulous. With that, just a few comments before we go into questions. One, I would like everyone to note that this one is not asking us to choose between one option over another, but with these bulleted points we actually have the ability and opportunity for all four options. Just keep in mind that we will be doing all four bullets. And as many members have stated and expressed their thoughts in previous meetings, and of course even throughout this meeting, we also see on the bottom of page 40 that letter of intent to account for and collect credit card fees, so we are all comfortable and confident that is occurring.

With that, I will open it up for questions. I know Assemblywoman Titus has a question.

Assemblywoman Titus:

Mr. Drost, early in this particular budget item you mentioned that the Department had spent \$33 million on some of the studies they have done for this budget item. Is that correct?

Adam Drost:

That is correct. They have spent \$33.4 million in this budget from FY 2016 through FY 2021.

Assemblywoman Titus:

With really nothing to show for it, correct? Because what I am seeing and just trying, again, to do the math, when you add back positions and everything else, the total was \$114 million. But that does not count the \$33 million they have already spent. Is that correct?

Adam Drost:

You are correct, \$33.4 million has been spent to date, and the \$114 million that I referenced is FY 2022 through FY 2025.

Assemblywoman Titus:

But it does include the \$22 million that you listed on page 37 [[Exhibit C](#)]? That is in that total of \$114 million?

Adam Drost:

Yes, the \$22 million in each year that is listed on page 37 is included in the total projected costs for the project for FY 2022 through FY 2025.

Assemblywoman Titus:

So, we have spent \$33 million and they are projecting \$114 million additional, but with the \$33 million, we really almost had to go back and start over, if my understanding is correct. We have not really gained anything with that \$33 million except to know what does not work.

Adam Drost:

I think in general; you are correct. They have worked on certain aspects, updating the website, reviewing business processes, coming up with some plans, things like that. They also developed a road map. Some of that cost is reflected in what they have spent to date. But the bulk of the cost will be in the future with the \$114.9 million.

Assemblywoman Titus:

I just wanted some clarity about what money we have already spent that has not gotten us much. I am appreciative of the comments already made in your presentation regarding holding them accountable and checking on them and having them come back, because to spend \$33 million and now they are wanting to spend \$114 million—we definitely need to have some accountability there.

Senator Goicoechea:

I just wanted to make sure—we are maintaining the statutory 27 percent cap on the Highway Fund?

Adam Drost:

There is a second piece to this budget item, and if you do not mind, maybe we can cover that at the second piece.

Senator Goicoechea:

That will be fine. It was a question that came up to me. I am definitely supportive of the way it looks. There would not be any limitation on the \$22.4 million that would be allowed for the Interim Finance Committee to bring forward if there was more funding available; we could enlarge that number and actually speed up the process as long as the IFC had the oversight?

Adam Drost:

Senator, again, I will cover that in the second piece, but I would note the Governor's Finance Office has requested that the Department be allowed to transfer Highway Fund appropriations between fiscal years in the upcoming biennium. If the project does move faster, or slower, they can transfer Highway Fund appropriations between the fiscal years to accommodate that unexpected event.

Chair Miller:

Any additional questions from members? Not seeing any additional questions, I will entertain a motion to accept all four bullet points.

Senator Denis:

Just a comment. I agree, I think the issue of placing it in reserves allows them the opportunity to come back during the interim and at least report to somebody about what is going on, and we are going to get those reports and that letter of intent.

SENATOR DENIS MOVED TO APPROVE THE DEPARTMENT OF MOTOR VEHICLES TRANSFORMATION EFFORT BY:

- APPROVING THE CONTINUATION OF THE DMV TRANSFORMATION EFFORT THAT WOULD REPLACE THE DEPARTMENT'S EXISTING COMPUTER SYSTEM IN THE 2021-2023 BIENNIUM, INCLUSIVE OF DECISION UNIT E-241 AND BUDGET AMENDMENT A215024716.
- PROVIDING FISCAL ANALYSIS DIVISION STAFF WITH AUTHORITY TO ENTER TECHNICAL ADJUSTMENTS TO CORRECT THE ANNIVERSARY DATES FOR THE NEW POSITIONS, REDUCE TRAVEL EXPENDITURES, ELIMINATE THE QUALITY ASSURANCE/ORGANIZATIONAL CHANGE MANAGEMENT

CONTRACTOR EXPENDITURES IN THE BASE BUDGET, CORRECT THE BALANCE FORWARD AMOUNT IN FISCAL YEAR 2022, INCLUDE OFFICE 365 SOFTWARE FOR THE NEW POSITIONS USING THE ENTERPRISE IT SERVICES SCHEDULE, AND REALLOCATE THE SQUARE FOOTAGE OF THE DMV'S CARSON CITY HEADQUARTERS AMONG THE VARIOUS DMV BUDGETS TO REFLECT THE ADDITIONAL STAFF IN THIS BUDGET.

- PLACING THE PLANNED EXPENDITURES FOR THE CONTRACT AND SOFTWARE COSTS OF \$22.4 MILLION IN FISCAL YEAR 2023 IN RESERVES WHICH WOULD REQUIRE THE DMV TO REQUEST INTERIM FINANCE COMMITTEE APPROVAL BEFORE BEING UTILIZED.
- RECOMMENDING A LETTER OF INTENT BE ISSUED TO THE DMV REQUIRING SEMIANNUAL REPORTS TO THE INTERIM FINANCE COMMITTEE ON THE STATUS OF THE DEPARTMENT'S TRANSFORMATION EFFORT, AND ADDITIONALLY, AUTHORIZING FISCAL ANALYSIS DIVISION STAFF TO MAKE ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

Assemblywoman Titus:

Just for clarification, in that motion, although I am accepting it conceptually, I want to make sure and I know we talk about the technology fee later, but if we pass these four bullet points or this decision unit, do those numbers include the technology fee?

Chair Miller:

I will let Mr. Drost answer that, but it is my understanding that it does.

Adam Drost:

The way this closing has been broken down, the first option that is being considered now is generally, do the Subcommittees wish to continue the project, with the technical adjustments, with the letter of intent, and placing the funding in FY 2023 in reserve. After that decision is made, the second decision will be how it is funded.

Assemblywoman Titus:

Thank you for that clarity. I will be in support of the way it is presented at this time, so that I can have the option later.

Chair Miller:

With that, we will take a vote.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Could we continue to the next item, please?

Adam Drost:

As I noted, that prior option allows for the recommendation to continue the projects. The second piece of this closing is related to how the project would be funded in the upcoming biennium. As I mentioned, the Governor's Finance Office submitted Bill Draft Request 1096 that would continue the collection of the technology fee beyond its current expiration date of June 30, 2022, through FY 2026. The Department currently indicates that this project would be completed in FY 2025, and that the ongoing annual maintenance cost for the new system would be approximately \$10.2 million. They indicate the continuation of the fee into FY 2026 would help to offset those ongoing costs.

During the budget hearing on March 17, 2021, the Subcommittees noted Senate Bill 542 of the 80th Session, which extended the collection of the \$1 technology fee from FY 2021 through FY 2022, had been challenged in court to determine whether a two-thirds majority vote was required for that legislation. As I noted earlier, this lawsuit has been appealed to the Nevada Supreme Court and a final decision has not been issued.

The Subcommittees asked the DMV how it planned to address any financial consequences from the pending lawsuit related to S.B. 542 of the 80th Session, and the DMV indicated it would place funding in reserve to fund any possible refunds related to this lawsuit.

The DMV projects \$6.66 million would be generated in technology fee revenue in FY 2021 and reserves of \$13.33 million are projected to balance forward from FY 2021 into FY 2022. Therefore, only approximately \$6.67 million in reserve funding would be available in this budget for expenditure in FY 2022 by keeping that FY 2021 technology fee revenue that was generated in FY 2021 in reserves.

Fiscal Analysis Division staff would also note that on April 1, 2021, the DMV provided updated projections for their technology fee revenue of \$6.7 million in FY 2022 and \$6.9 million in FY 2023. Fiscal staff requests authority to enter the updated revenue projections, which are reflected in the closing adjustments for this budget and reflect increases of \$2.3 million over the biennium.

A budget amendment that was submitted by the Governor's Finance Office recommends this budget retain a level of reserve funding approximately equal to the technology fee revenue that would be generated in FY 2021 and FY 2022 since the collection of that revenue is currently being litigated. However, the DMV subsequently indicated to Fiscal staff its intent that Bill Draft Request (BDR) 1096, or other enabling legislation, allow for the collection of the technology revenue in the 2021-2023 biennium regardless of the court decision. In other

words, the Department intends that bill draft request or other enabling legislation to provide authority for the collection of this revenue beginning in FY 2022 through FY 2026 regardless of the pending Nevada Supreme Court decision.

However, at this time the results of the lawsuit are unknown, and it is uncertain whether BDR 1096, or other enabling legislation, would require and/or receive a two-thirds majority vote.

Accordingly, if the Subcommittees consider approving decision unit enhancement (E) 235 that recommends the continuation of the technology fee, it may also consider the following options related to the use of the technology fee revenue to support this project, which Fiscal staff estimates would reflect expenditures of \$59.6 million over the 2021-2023 biennium inclusive of the technical adjustments noted earlier.

Option A would fund a portion of the DMV transformation effort with the technology fee revenue that would be generated in the 2021-2023 biennium, totaling \$13.6 million, and the \$6.7 million in reserve funding that would be available for expenditure in FY 2022 with the remaining funding provided by Highway Fund appropriations totaling \$39.3 million over the 2021-2023 biennium. This option is based on the premise that BDR 1096 or other enabling legislation would need to be approved by the 2021 Legislature and provide technology fee revenue in the 2021-2023 biennium.

Option B would fund a portion of the DMV transformation effort with the technology fee revenue that would be generated in the 2021-2023 biennium, totaling \$13.6 million and the \$6.7 million in reserve funding that would be available for expenditure in FY 2022, with the remaining funding provided by Highway Fund appropriations totaling \$39.3 million over the 2021-2023 biennium. In addition, include language in the 2021 Appropriations Act providing additional Highway Fund appropriations equal to the technology fee revenue of \$13.6 million that would be generated in the 2021-2023 biennium to fund the project if BDR 1096, or other enabling legislation, is not approved or does not provide the Department with approval to collect the fee.

Option C does not fund any portion of the DMV transformation effort with the technology fee revenue that is projected to be generated in the 2021-2023 biennium and instead funds the project with Highway Fund appropriations totaling \$52.9 million over the 2021-2023 biennium and the \$6.7 million in reserve funding that would be available for expenditure in FY 2022. This option would place all projected technology fee revenue in reserves and allow the project to continue regardless of the lawsuit or pending legislation. However, if the Department is ultimately able to collect the technology fee revenue, this option would provide the budget with excess funding.

I realize this is rather complex to understand in text, so Fiscal staff also provided a table documenting these options on page 43 [[Exhibit C](#)]. Option A is based on the premise that BDR 1096, or other enabling legislation, would need to be approved and would provide technology fee revenue to support the project in the upcoming biennium.

Option B is laid out into two different areas. The first is if the BDR passes and provides the Department with the ability to collect the technology fee revenue, that the technology fee is used to support part of the project. If the BDR does not pass under option B, there is back language in the Appropriations Act that would provide the Department with additional Highway Fund appropriations as a backstop for the loss of the technology fee revenue.

Option C is placing all technology fee revenue in reserve and funding all of the project with the Highway Fund, as well as the balance forward from FY 2021.

Since some of the timelines associated with the DMV transformation effort may shift as the project progresses, the Governor's Finance Office recommends this budget be provided with authority to transfer Highway Fund appropriations between fiscal years in the upcoming biennium and Fiscal Analysis Division staff requests authority to include enabling legislation language for those transfers in the 2021 Appropriations Act regardless of the option recommended by the Subcommittees. Fiscal staff would note that such transfers may affect the calculation of the DMV administrative cap since Highway Fund appropriations would be shifted from one fiscal year to another. To address this, Bill Draft Request 1096 that was submitted by the Governor recommends continuing the increased DMV administrative cap of 27 percent beyond its current expiration date of June 30, 2022.

On page 44 is the decision for the Subcommittees. Do the Subcommittees wish to provide for technology fee revenue in this budget by approving decision unit E-235 and under option A fund a portion of the DMV transformation effort with the technology fee revenue that would be generated in the 2021-2023 biennium totaling \$13.6 million and the \$6.7 million in reserve funding that would be available for expenditure in FY 2022, with the remaining funding provided by Highway Fund appropriations totaling \$39.3 million over the biennium. This option is based on the premise that Bill Draft Request 1096, or other enabling legislation, would need to be approved by the 2021 Legislature and provide technology fee revenue in the 2021-2023 biennium.

Option B is funding a portion of the DMV transformation effort with the technology fee revenue that would be generated in the 2021-2023 biennium totaling \$13.6 million and the \$6.7 million in reserve funding that would be available for expenditure in FY 2022, with the remaining funding provided by Highway Fund appropriations totaling \$39.3 million over the biennium. In addition, include language in the 2021 Appropriations Act providing additional Highway Fund appropriations equal to the technology fee revenue of \$13.6 million that would be generated to fund the project if Bill Draft Request 1096, or other enabling

legislation is not approved, or does not provide the Department with approval to collect the fee.

Finally, Option C is do not fund any portion of the DMV transformation effort with the technology fee revenue that is projected to be generated in the 2021-2023 biennium and instead fund the project with Highway Fund appropriations totaling \$52.9 million over the 2021-2023 biennium and the \$6.7 million in reserve funding that would be available for expenditure in FY 2022. This option would place all projected technology fee revenue in reserves and allow the project to continue regardless of the lawsuit or pending legislation. However, if the Department is ultimately able to collect the technology fee revenue, this option would provide the budget with excess funding.

Fiscal Analysis Division staff request authority to enter any necessary technical adjustments based on the Subcommittees' decision and authority to include language in the 2021 Appropriations Act authorizing the transfer of Highway Fund appropriations between fiscal years in this budget with Interim Finance Committee approval.

Chair Miller:

Again, another exhaustive briefing. Thank you for that. Any questions from members? Not seeing any questions, I will entertain a motion for option B.

Senator Denis:

I will do a motion, although I did see Assemblywoman Tolles' hand go up.

Chair Miller:

Do you have a question, Assemblywoman Tolles?

Assemblywoman Tolles:

Actually, it was more a statement. Of the three options, I have some real concerns about the variability of waiting for court decisions or what this body may or may not approve in the future. I am most comfortable with option C and utilizing those reserve funds.

Chair Miller:

I will defer to Mr. Drost, who can also explain that with option B it triggers a reaction based on the decision. Mr. Drost, if you would like to clarify that.

Adam Drost:

You are correct, option B covers either way. If the Bill Draft Request passes and provides that ability to collect the technology fee revenue, it is used for the project. If the BDR is not approved, or the Department does not have authority to collect that revenue, then Highway Fund appropriations would be provided equal to that amount.

Assemblywoman Tolles:

If we did choose option C, it would utilize reserves, and we would still be able to move forward with the decision we just made in the last decision unit—we would still be able to fund it—correct?

Adam Drost:

You are correct, all options would provide funding for the project. It is just various scenarios. Option C is based on the premise that the technology fee may or may not be collected, and it places that revenue in reserve, but does not account for it being available to fund expenditures, and Highway Fund appropriations would be used entirely for the project. As I mentioned, with option C, if they are ultimately able to collect that technology fee revenue it, would provide excess funding for this budget.

Senator Goicoechea:

Just a comment. I am a bit concerned with option C about encumbering additional Highway fund monies, and that will impact other budgets. I would rather try option B, and if it is not available ultimately, we use the Highway Fund. There is a provision under option B that, depending on what the court rules and what bill passes, would remove some of the restrictions on the Highway Fund.

Chair Miller:

Not seeing any additional questions, I will accept a motion for option B.

SENATOR DENIS MOVED TO FUND A PORTION OF THE DEPARTMENT OF MOTOR VEHICLES TRANSFORMATION EFFORT WITH THE TECHNOLOGY FEE REVENUE THAT WOULD BE GENERATED IN THE 2021-2023 BIENNIUM TOTALING \$13.6 MILLION AND THE \$6.7 MILLION IN RESERVE FUNDING THAT WOULD BE AVAILABLE FOR EXPENDITURE IN FISCAL YEAR 2022, WITH THE REMAINING FUNDING PROVIDED BY HIGHWAY FUND APPROPRIATIONS TOTALING \$39.3 MILLION OVER THE 2021-2023 BIENNIUM. ADDITIONALLY, INCLUDE LANGUAGE IN THE 2021 APPROPRIATIONS ACT PROVIDING ADDITIONAL HIGHWAY FUND APPROPRIATIONS—EQUAL TO THE TECHNOLOGY FEE REVENUE OF \$13.6 MILLION THAT WOULD BE GENERATED IN THE 2021-2023 BIENNIUM—TO FUND THE PROJECT IF BILL DRAFT REQUEST 1096, OR OTHER ENABLING LEGISLATION, IS NOT APPROVED OR DOES NOT PROVIDE THE DEPARTMENT WITH APPROVAL TO COLLECT THE FEE. FURTHER, AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ENTER ANY NECESSARY TECHNICAL ADJUSTMENTS BASED ON THE SUBCOMMITTEES' DECISION AND AUTHORITY TO INCLUDE LANGUAGE IN THE 2021 APPROPRIATIONS ACT AUTHORIZING THE TRANSFER OF HIGHWAY FUND

APPROPRIATIONS BETWEEN FISCAL YEARS IN THIS BUDGET
WITH INTERIM FINANCE COMMITTEE APPROVAL.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

Chair Miller:

Are there any questions on the motion?

Assemblywoman Titus:

Unfortunately, I will not be supporting this motion. I cannot support any motion that includes continuation of the technology fee. I was not supportive of its inception, and certainly will not be supportive of its continuation.

THE MOTION CARRIED. (Assemblywomen Titus and Tolles voted no.)

Chair Miller:

Please proceed to the next item.

Adam Drost:

Other Closing Items include replacement and new equipment as well as base budget position title changes, with the Governor recommending a reorganization for the System Technology Application Redesign budget and the Division of Management Services and Programs budget into a single Research and Project Management Division. The salary amounts for these positions are not recommended to change; however, their titles would be revised as reflected on page 45 [[Exhibit C](#)]. The Department indicates Bill Draft Request 1096 has been submitted to implement this change.

Fiscal Analysis Division staff recommends Other Closing Items 1 through 3 be closed as recommended by the Governor, Other Closing Item 4 be closed with position title changes contingent upon Bill Draft Request 1096, or other enabling legislation being approved, and requests authority for staff to make other technical adjustments as necessary.

Chair Miller:

Members, do we have any questions? Seeing no questions, I will entertain a motion.

SENATOR DENIS MOVED THAT OTHER CLOSING ITEMS 1 THROUGH 3 BE CLOSED AS RECOMMENDED BY THE GOVERNOR, OTHER CLOSING ITEM 4 BE CLOSED WITH THE POSITION TITLE CHANGES CONTINGENT UPON BILL DRAFT REQUEST 1096, OR OTHER ENABLING LEGISLATION BEING APPROVED, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Can we move on to the next budget, please?

PUBLIC SAFETY

DEPARTMENT OF MOTOR VEHICLES

DMV - DIVISION OF MANAGEMENT SERVICES & PROGRAMS (201-4742)

BUDGET PAGE DMV-88

Adam Drost, Senior Program Analyst:

The next budget is the Division of Management Services and Programs and the Major Closing Issue there can be found on page 48 [[Exhibit C](#)]. This is the reorganization of this Division that I mentioned earlier.

The Governor recommends renaming the Division of Management Services and Programs as the Research and Project Management Division. This would encompass staff from both the Division of Management Services and Programs as well as the System Technology Application Redesign (STAR) budget. The Department found that over the past few years work completed by the staff in these two budgets has overlapped, which at times leads to confusion between staff roles and the project methodologies used.

To address this issue, the Governor recommends a reorganization that would place staff in both budgets under a Research and Project Management Division. The Department indicates this would be a reporting structure only and would not require any budget changes. The Department also indicates that Bill Draft Request 1096 has been submitted to implement this change.

The Department indicates this reorganization will include changes to the titles for the positions included on page 49. The recommended annual salaries are also provided for these positions, with Fiscal Analysis Division staff noting the division administrator position for the Division of Management Services and Programs would be retitled as a deputy administrator position. However, despite that position being retitled to what appears to be a lower-level position, the recommended position salary is unchanged.

During the Department's budget hearing, the DMV indicated that positions in the Division of Management Services and Programs historically dealt with projects related to Department operations while the positions in the STAR budget dealt with projects related to modernization of the systems in the Department. They indicated that the reorganization would allow for standard methodologies for project management, as well as allowing the group to work together cohesively. When asked about the division administrator position, it

was recommended that it be retitled as a deputy administrator position. The Department indicated this position would continue to perform the same level of complex work and improve the Department's legislative affairs and public outreach functions. Regarding the recommended pay for this position, the Department noted that the salary aligned with the salaries of its deputy administrator positions in its other divisions.

The DMV indicates the division administrator and organizational change manager positions, which are currently reflected in the STAR budget will be requested to continue once the system transformation project is complete; however, that determination would be made by a future Legislature once the new system is in place and ongoing resources are identified.

Fiscal Analysis Division staff would also note that decisions pertaining to unclassified salaries and position changes will be determined by the money committees when the Pay Bill is considered. Fiscal staff requests authority to make any adjustments subsequently required.

Do the Subcommittees wish to recommend approving the reclassification of the division administrator position in this budget as a deputy administrator position with no change in salary, contingent on approval of Bill Draft Request 1096, or other enabling legislation, and provide Fiscal Analysis Division staff with authority to enter any necessary technical adjustments?

Chair Miller:

Members, are there any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED TO APPROVE THE RECLASSIFICATION OF THE DIVISION ADMINISTRATOR POSITION IN THIS BUDGET AS A DEPUTY ADMINISTRATOR POSITION WITH NO CHANGE IN SALARY, CONTINGENT ON APPROVAL OF BILL DRAFT REQUEST 1096, OR OTHER ENABLING LEGISLATION, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ENTER ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Proceed to the next item, please.

Adam Drost:

Other Closing Items include new equipment as well as the elimination of two vacant program officer positions, and Fiscal Analysis Division requests authority to adjust the personnel and associated costs in this decision unit based on the decision by the Subcommittees in the DMV Director's Office budget.

There is also a decision unit for replacement equipment that would replace six computers; however, after further review the Department's computer inventory and recent purchases using federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, the DMV and the Governor's Finance Office indicate that only one replacement computer would be needed in the 2021-2023 biennium. Accordingly, Fiscal staff requests authority to make technical adjustments to reflect the replacement of one computer in decision unit enhancement (E) 715.

Fiscal Analysis Division staff recommends Other Closing Items 1 and 2 be closed as recommended by the Governor, Item 3 be closed consistent with the actions of the Subcommittees in the DMV Director's Office budget, and Item 4 be closed with the noted technical adjustment. Fiscal staff requests authority to make technical adjustments as necessary.

Chair Miller:

Subcommittee members, do we have any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED OTHER CLOSING ITEMS 1 AND 2 BE CLOSED AS RECOMMENDED BY THE GOVERNOR, ITEM 3 BE CLOSED CONSISTENT WITH THE ACTION OF THE SUBCOMMITTEES IN THE DEPARTMENT OF MOTOR VEHICLES DIRECTOR'S OFFICE BUDGET, AND ITEM 4 BE CLOSED WITH THE NOTED TECHNICAL ADJUSTMENT, AND FISCAL ANALYSIS DIVISION STAFF BE AUTHORIZED TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Please proceed to the next budget.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - MOTOR CARRIER DIVISION (201-4717)
BUDGET PAGE DMV-82

Adam Drost, Senior Program Analyst:

I will now begin presenting the four budgets that were previously heard by the Subcommittees with the only Major Closing Issue being the elimination of positions. Since the Subcommittees addressed this issue in the Department of Motor Vehicles (DMV) Director's Office budget, these budgets will be closed as a group. I will pause following my presentation of each budget to allow for questions, and when I have presented the last budget in this group and questions have been addressed, I will provide a single motion for closing consideration on all of these budgets.

The first budget is the DMV Motor Carrier Division and this budget can be found on page 51 [[Exhibit C](#)]. There are no Major Closing Issues in this budget and Other Closing Items include new and replacement equipment as well as base budget technical adjustments for updated revenue projections, which increase Highway Fund appropriations in this budget by \$189,982 in fiscal year (FY) 2022 and \$158,862 in FY 2023.

There is also the elimination of four vacant positions. Fiscal Analysis Division staff requests authority to adjust the personnel and associated costs in this decision unit based on the decision of the Subcommittees in the DMV Director's Office budget.

Budget amendment A215384717 was also provided by the Governor's Finance Office, which recommends Highway Fund appropriations of \$9,563 in FY 2022 and \$9,759 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office, which were not included in The Executive Budget.

Chair Miller:

Subcommittee members, do we have any questions? Not seeing any questions, please proceed to the next item.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - HEARINGS (201-4732)
BUDGET PAGE DMV-27

Adam Drost, Senior Program Analyst:

Thank you, Madam Chair, the next budget is the Department of Motor Vehicles (DMV) Hearings budget which can be found on page 55 [[Exhibit C](#)]. There are no Major Closing Issues in this budget, and Other Closing Items include new equipment, as well as the elimination of a vacant legal secretary position. Fiscal Analysis Division requests authority

to adjust the personnel and associated costs, based on the decision by the Subcommittees in the DMV Director's Office budget.

There is also a replacement equipment decision unit enhancement (E) 715 to replace five computers and software. However, after a review of the Department's computer inventory, the Governor's Finance Office and the DMV request the replacement of 10 computers in that decision unit. Fiscal Analysis Division requests authority to enter a technical adjustment to reflect the replacement of those 10 computers, rather than the original 5 computers.

Budget Amendment A215294732 was also provided by the Governor's Finance Office which recommends Highway Fund appropriations of \$11,802 in FY 2022 and \$12,043 in FY 2023 for the Buildings and Grounds rent expenditures for the new south Reno DMV field office, which were not included in The Executive Budget.

Chair Miller:

Members, do we have any questions on this budget? I do not see any questions, so please proceed.

PUBLIC SAFETY

DEPARTMENT OF MOTOR VEHICLES

DMV - COMPLIANCE ENFORCEMENT (201-4740)

BUDGET PAGE DMV-43

Adam Drost, Senior Program Analyst:

Madam Chair, the next budget is the Compliance Enforcement budget. There are no Major Closing Issues in this budget and Other Closing Items include new equipment as well as a base budget technical adjustment for updated revenue projections. Fiscal Analysis Division staff entered technical adjustments based on these updated revenue projections, which are reflected in the closing adjustments for that budget.

There is also the elimination of two vacant positions and Fiscal staff requests authority to adjust the personnel and associated costs in this decision unit based on the decision by the Subcommittees in the DMV Director's Office budget. There are also positions transfers from the DMV Field Services budget, which was previously discussed in the DMV Field Services budget closing and Fiscal staff requests authority to enter technical adjustments to reflect the Subcommittees' decision in that budget.

Budget Amendment A215324740 was also provided by the Governor's Finance Office, which recommends Highway Fund appropriations of \$37,889 in FY 2022 and \$38,665 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office which were not included in The Executive Budget.

Madam Chair, I am happy to answer any questions on that budget, as well.

Chair Miller:

Members, do we have any questions? Not seeing any questions, please proceed.

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - CENTRAL SERVICES (201-4741)
BUDGET PAGE DMV-57**

Adam Drost, Senior Program Analyst:

Thank you, Madam Chair, the next budget is the DMV Central Services budget which can be found on page 61 [[Exhibit C](#)]. There are no Major Closing Issues in this budget. Other Closing Items include out-of-state travel and new equipment, as well as a base budget technical adjustment for state mailroom postage expenditures that were associated with this budget of \$82,522 in the base year, FY 2020, that were inadvertently not charged to this budget.

Fiscal Analysis Division staff requests authority to enter technical adjustments to increase state mailroom postage by \$82,522 in each year of the biennium and to fund those expenditures with Highway Fund appropriations. The DMV also provided updated revenue projections for this budget, which reduced Highway Fund appropriations in the budget by \$1 million in FY 2022 and \$1.1 million in FY 2023.

Other Closing Items also include the elimination of 10 vacant positions, and Fiscal staff requests authority to adjust the personnel and associated costs in this decision unit based on the decision by the Subcommittees in the DMV Director's Office budget.

There is also decision unit E-715 for replacement equipment, which would replace 54 computers and 22 scanners. After further review of the Department's computer inventory, the Governor's Finance Office and the DMV indicate the replacement computers are no longer needed in the 2021-2023 biennium. Accordingly, Fiscal Analysis Division staff requests authority to enter technical adjustments to remove the 54 replacement computers from this decision unit.

Chair Miller:

Members, do we have any questions? Not seeing any questions, please proceed.

Adam Drost:

This would be the single motion that would cover those four budgets that I just reviewed. Fiscal Analysis Division staff recommends that the following budgets be closed consistent with the Subcommittees' action regarding the Governor's recommendation to eliminate vacant DMV positions as discussed in the DMV Director's Office budget including the technical adjustments noted and requests authority for Fiscal staff to make other technical adjustments as necessary and as identified as follows:

- Budget account 4717: DMV—Motor Carrier Division, including technical adjustments to base to reflect updated revenue projections for Governmental Services Tax Commission, International Fuel Tax Agreement Decal, Fuel Tax administration, and supplier audit reimbursement revenue, which increased Highway Fund appropriations by \$189,982 in FY 2022 and \$158,862 in FY 2023, and approval of Budget Amendment A215384717 that recommends Highway Fund appropriations of \$9,563 in FY 2022 and \$9,759 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office.
- Budget account 4732: DMV—Hearings, including technical adjustments to reflect the replacement of ten computers in decision unit E-715 and approval of Budget Amendment A215294732 that recommends Highway Fund appropriations of \$11,802 in FY 2022 and \$12,043 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office.
- Budget account 4740: DMV—Compliance Enforcement, including technical adjustments to base to reflect revenue increases of \$25,892 in FY 2022 and \$28,814 in FY 2023 for fingerprint fee revenue, technical adjustments based on the Subcommittees' decision regarding the transfer of positions from the Field Services Division budget in decision unit E-902, and approval of Budget Amendment A215324740 that recommends Highway Fund appropriations of \$37,869 in FY 2022 and \$38,665 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office.
- Budget account 4741: DMV—Central Services, including technical adjustments to base to reflect updated revenue projections for Expedited Title Fee, Substitute Decal Fee, and Sales Tax Commission revenue, as well as updated transfer revenue from the DMV Records budget that reduced Highway Fund appropriations by \$1 million in FY 2022 and \$1.1 million in FY 2023, technical adjustments to increase State Mailroom postage by \$82,522 in each year of the 2021-2023 biennium, and technical adjustments to eliminate the 54 replacement computers from decision unit E-715.

Chair Miller:

Members, are there any questions? [There were no questions.] With that, I will entertain a motion.

SENATOR DENIS MOVED THAT THE FOLLOWING BUDGETS BE CLOSED CONSISTENT WITH THE SUBCOMMITTEES' ACTION REGARDING THE GOVERNOR'S RECOMMENDATION TO ELIMINATE VACANT DEPARTMENT OF MOTOR VEHICLES POSITIONS THAT IS DISCUSSED IN THE DMV DIRECTOR'S OFFICE BUDGET, INCLUDING THE TECHNICAL ADJUSTMENTS NOTED, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY:

- BUDGET ACCOUNT 4717: DMV—MOTOR CARRIER DIVISION, INCLUDING TECHNICAL ADJUSTMENTS TO BASE TO REFLECT

UPDATED REVENUE PROJECTIONS FOR GOVERNMENTAL SERVICES TAX COMMISSION, INTERNATIONAL FUEL TAX AGREEMENT DECAL, FUEL TAX ADMINISTRATION, AND SUPPLIER AUDIT REIMBURSEMENT REVENUE, WHICH INCREASE HIGHWAY FUND APPROPRIATIONS BY \$189,982 IN FY 2022 AND \$158,862 IN FY 2023, AND APPROVAL OF BUDGET AMENDMENT A215384717 THAT RECOMMENDS HIGHWAY FUND APPROPRIATIONS OF \$9,563 IN FY 2022 AND \$9,759 IN FY 2023 TO FUND THE BUILDINGS AND GROUNDS RENT EXPENDITURES FOR THE NEW SOUTH RENO DMV FIELD OFFICE.

- BUDGET ACCOUNT 4732: DMV—HEARINGS, INCLUDING TECHNICAL ADJUSTMENTS TO REFLECT THE REPLACEMENT OF TEN COMPUTERS IN DECISION UNIT E-715 AND APPROVAL OF BUDGET AMENDMENT A215294732 THAT RECOMMENDS HIGHWAY FUND APPROPRIATIONS OF \$11,802 IN FY 2022 AND \$12,043 IN FY 2023 TO FUND THE BUILDINGS AND GROUNDS RENT EXPENDITURES FOR THE NEW SOUTH RENO DMV FIELD OFFICE.
- BUDGET ACCOUNT 4740: DMV—COMPLIANCE ENFORCEMENT, INCLUDING TECHNICAL ADJUSTMENTS TO BASE TO REFLECT REVENUE INCREASES OF \$25,892 IN FY 2022 AND \$28,814 IN FY 2023 FOR FINGERPRINT FEE REVENUE, TECHNICAL ADJUSTMENTS BASED ON THE SUBCOMMITTEES' DECISION REGARDING THE TRANSFER OF POSITIONS FROM THE FIELD SERVICES DIVISION BUDGET IN DECISION UNIT E-902, AND APPROVAL OF BUDGET AMENDMENT A215324740 THAT RECOMMENDS HIGHWAY FUND APPROPRIATIONS OF \$37,869 IN FY 2022 AND \$38,665 IN FY 2023 TO FUND THE BUILDINGS AND GROUNDS RENT EXPENDITURES FOR THE NEW SOUTH RENO DMV FIELD OFFICE.
- BUDGET ACCOUNT 4741: DMV—CENTRAL SERVICES, INCLUDING TECHNICAL ADJUSTMENTS TO BASE TO REFLECT UPDATED REVENUE PROJECTIONS FOR EXPEDITED TITLE FEE, SUBSTITUTE DECAL FEE, AND SALES TAX COMMISSION REVENUE, AS WELL AS UPDATED TRANSFER REVENUE FROM THE DMV RECORDS BUDGET THAT REDUCE HIGHWAY FUND APPROPRIATIONS BY \$1 MILLION IN FY 2022 AND \$1.1 MILLION IN FY 2023, TECHNICAL ADJUSTMENTS TO INCREASE STATE MAILROOM POSTAGE BY \$82,522 IN EACH YEAR OF THE 2021-2023 BIENNIUM, AND TECHNICAL ADJUSTMENTS TO ELIMINATE THE 54 REPLACEMENT COMPUTERS FROM DECISION UNIT E-715.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Please continue to the next budget.

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - RECORDS SEARCH (201-4711)
BUDGET PAGE DMV-71**

Adam Drost, Senior Program Analyst:

I will now begin presenting the Department of Motor Vehicles (DMV) budgets that the Subcommittees have not previously reviewed and for which Fiscal Analysis Division staff is responsible for developing closing recommendations. I will pause following my presentation of each budget to allow for questions. When I have presented the last budget in this group and the questions have been addressed, I will provide a single motion for closing consideration for these four budgets.

The first budget is DMV Records Search on page 67 [[Exhibit C](#)]. There are no Major Closing Issues in this budget and Other Closing Items include new software, new equipment, as well as base budget technical adjustments for updated revenue projections. These adjustments are reflected in the closing adjustments for this budget.

Decision unit enhancement (E) 715 recommends replacement equipment in order to replace seven computers. However, after further review of the Department's computer inventory, the DMV and the Governor's Finance Office indicated that only five computers should be replaced in the 2021-2023 biennium. Fiscal Analysis Division staff requests authority to reflect that as a technical adjustment.

I am happy to answer any questions on this budget.

Chair Miller:

Members, do we have any questions? Not seeing any questions, please proceed.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - LICENSE PLATE FACTORY (201-4712)
BUDGET PAGE DMV-62

Adam Drost, Senior Program Analyst:

The next budget is the License Plate Factory and again, Fiscal Analysis Division staff is responsible for developing closing recommendations for this budget. The Subcommittees have not previously reviewed this budget [Page 69, [Exhibit C](#)].

There are no Major Closing Issues in this budget and Other Closing Items include inflationary costs, replacement equipment, and new equipment. Fiscal staff would note that in the base budget there are updated revenue projections and Fiscal staff would request authority to enter cost allocation corrections for this budget.

Fiscal staff would also note that DMV has historically targeted a minimum reserve of \$1 million for this budget due to the large volume of commodities that are needed to operate the license plate factory. However, The Executive Budget reflects a reserve level of only \$469,540 in FY 2023. With the technical adjustments requested by Fiscal staff, this reserve level would be increased to \$735,753 in FY 2022 and \$856,612 in FY 2023.

I am happy to answer any questions regarding this budget.

Chair Miller:

Subcommittee members, do we have any questions? No seeing any, please proceed.

PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - MOTOR VEHICLE POLLUTION CONTROL (101-4722)
BUDGET PAGE DMV-49

Adam Drost, Senior Program Analyst:

The next budget is the Motor Vehicle Pollution Control budget. Again, Fiscal Analysis Division staff is responsible for developing closing recommendations for this budget and the Subcommittees have not previously reviewed this budget [Page 71, [Exhibit C](#)].

There are no Major Closing Issues and Other Closing Items include cost allocation changes, and replacement and new equipment. There are also base budget technical adjustments for updated revenue projections. Also, the Department of Transportation (NDOT) is in the process of replacing the Nevada Shared Radio System and the Governor recommends continued funding for the project in the upcoming biennium. This project would be funded largely with one-shot Highway Fund and State General Fund appropriations; however, there is a cost allocation from various fee-funded budgets, including the Pollution Control budget.

Accordingly, Fiscal staff requests authority to enter technical adjustments to reflect cost allocation expenditures \$14,417 in fiscal year (FY) 2022 and \$10,813 in FY 2023 in a separate expenditure category in this budget to fund a portion of that radio replacement project.

Other Closing Item 8, decision unit enhancement (E) 300, provides for 22 replacement radios for this budget, as well as maintenance. However, NDOT indicates these replacement radios would be funded through the cost allocation, and they do not need to be budgeted by the Department of Motor Vehicles. Accordingly, Fiscal staff requests authority to eliminate the replacement radios from this decision unit.

For replacement equipment, decision unit E-715, the Governor recommends the replacement of 24 computers and other replacement equipment. However, after further review of the Department's computer inventory, the DMV and the Governor's Finance Office indicate that only 18 computers should be replaced in the upcoming biennium. Fiscal staff requests authority to enter that as a technical adjustment.

Finally, Budget Amendment A215284722 recommends reserve reductions of \$76,598 in FY 2022 and \$78,167 in FY 2023 to fund the Buildings and Grounds rent expenditures for the new south Reno DMV field office, which were not included in The Executive Budget. However, Fiscal staff would note this budget maintains a \$1 million reserve, and this recommendation would place the reserve below that level. Accordingly, Fiscal staff requests authority to enter technical adjustments to fund this rent expenditure with reductions to the payments to Clark County and Washoe County, which would allow this budget to maintain its \$1 million reserve.

I am happy to answer any questions on this budget.

Chair Miller:

Members, do we have any questions? Not seeing any questions, please proceed.

**PUBLIC SAFETY
DEPARTMENT OF MOTOR VEHICLES
DMV - VERIFICATION OF INSURANCE (201-4731)
BUDGET PAGE DMV-67**

Adam Drost, Senior Program Analyst:

The next budget is the Verification of Insurance [page 75, [Exhibit C](#)]. The Subcommittees have not previously reviewed this budget, and Fiscal Analysis Division staff is responsible for developing closing recommendations for this budget.

There are no Major Closing Issues and Other Closing Items include new equipment as well as insurance violations revenue transfer to the Highway Fund technical adjustments, with the Department of Motor Vehicles providing updated revenue projections on April 1, 2021.

Fiscal staff requests authority to enter those as technical adjustments as well as correcting an error in the base budget that would provide for the transfers to the Highway Fund of \$19,724 in FY 2022 and \$12,298 in FY 2023 in the base budget. However, all of those transfers to the Highway Fund should be reflected in decision unit enhancement (E) 231 and Fiscal staff requests authority to enter that as a technical adjustment.

There is also replacement equipment in decision unit E-715 to replace seven computers. However, after a review of the Department's computer inventory as well as the Coronavirus Aid, Relief, and Economic Security Act funding that was used to purchase computers, the Department and the Governor's Finance Office indicate these replacement computers are no longer needed in the 2021-2023 biennium. Accordingly, Fiscal staff recommends this decision unit not be approved by the Subcommittees.

I am happy to answer any questions on this budget.

Chair Miller:

Members, any questions? Not seeing any, please proceed.

Adam Drost:

I will outline the single motion that would cover those four budgets I previously presented [Page 77, [Exhibit C](#)].

Fiscal Analysis Division staff recommends that the following budgets be closed as recommended by the Governor, with the technical adjustments noted, and requests authority for Fiscal staff to make other technical adjustments as necessary:

- Budget account 4711: DMV—Records Search, including technical adjustments to base to reflect updated revenue projections provided by the Department of Motor Vehicles on April 1, 2021, that increased the Records Search Charge revenue by \$2.2 million in FY 2022 and \$2.4 million in FY 2023 and increased the transfers to the Central Services budget and the Automation budget by \$2.2 million in FY 2022 and \$2.4 million in FY 2023, and technical adjustments in decision unit E-715 to reflect the replacement of five computers over the 2021-2023 biennium.
- Budget account 4712: DMV—License Plate Factory, including technical adjustments to base to reflect updated revenue projections for Substitute License Plate and Scrap Sales revenue that increase reserves by \$98,297 in FY 2022 and \$100,731 in FY 2023, technical adjustments for the special plates cost allocation that increase reserves by \$92,590 in FY 2022 and \$95,454 in FY 2023.
- Budget account 4722: DMV—Motor Vehicle Pollution Control, including technical adjustments to base to reflect updated revenue projections for Emission Certificate

and License and Fee revenue that increase funding for the projected payments to Clark County and Washoe County by \$843,898 in FY 2022 and \$1.2 million in FY 2023, technical adjustments to reflect the Nevada Department of Transportation's Nevada Shared Radio System replacement cost allocation of \$14,417 in FY 2022 and \$10,813 in FY 2023, technical adjustments to eliminate the replacement radios in decision unit E-300, technical adjustments in decision unit E-715 to reflect the replacement of 18 computers over the 2021-2023 biennium, and approval of Budget Amendment A215284722 that recommends funding of \$76,598 in FY 2022 and \$78,167 in FY 2023 for the Buildings and Grounds rent expenditures for the new south Reno DMV field office.

- Budget account 4731: DMV—Verification of Insurance, including technical adjustments to base to reflect updated revenue projections for Vehicle Reinstatement Registration Fee revenue that reflected increased revenue of \$5.7 million in FY 2022 and \$7.3 million in FY 2023, technical adjustments to reflect all transfers to the Highway Fund in decision unit E-231, and not approving decision unit E-715 since the replacement computers are no longer needed.

Chair Miller:

Members, are there any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED THAT THE FOLLOWING BUDGETS BE CLOSED AS RECOMMENDED BY THE GOVERNOR, WITH THE TECHNICAL ADJUSTMENTS NOTED, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY:

- BUDGET ACCOUNT 4711: DMV—RECORDS SEARCH, INCLUDING TECHNICAL ADJUSTMENTS TO BASE TO REFLECT UPDATED REVENUE PROJECTIONS PROVIDED BY THE DEPARTMENT OF MOTOR VEHICLES ON APRIL 1, 2021, THAT INCREASED THE RECORDS SEARCH CHARGE REVENUE BY \$2.2 MILLION IN FY 2022 AND \$2.4 MILLION IN FY 2023 AND INCREASED THE TRANSFERS TO THE CENTRAL SERVICES BUDGET AND THE AUTOMATION BUDGET BY \$2.2 MILLION IN FY 2022 AND \$2.4 MILLION IN FY 2023, AND TECHNICAL ADJUSTMENTS IN DECISION UNIT E-715 TO REFLECT THE REPLACEMENT OF FIVE COMPUTERS OVER THE 2021-2023 BIENNIUM.
- BUDGET ACCOUNT 4712: DMV—LICENSE PLATE FACTORY, INCLUDING TECHNICAL ADJUSTMENTS TO BASE TO REFLECT UPDATED REVENUE PROJECTIONS FOR SUBSTITUTE LICENSE PLATE AND SCRAP SALES REVENUE THAT INCREASE RESERVES BY \$98,297 IN FY 2022 AND

\$100,731 IN FY 2023, TECHNICAL ADJUSTMENTS FOR THE SPECIAL PLATES COST ALLOCATION THAT INCREASE RESERVES BY \$92,590 IN FY 2022 AND \$95,454 IN FY 2023.

- BUDGET ACCOUNT 4722: DMV—MOTOR VEHICLE POLLUTION CONTROL, INCLUDING TECHNICAL ADJUSTMENTS TO BASE TO REFLECT UPDATED REVENUE PROJECTIONS FOR EMISSION CERTIFICATE AND LICENSE AND FEE REVENUE THAT INCREASE FUNDING FOR THE PROJECTED PAYMENTS TO CLARK COUNTY AND WASHOE COUNTY BY \$843,898 IN FY 2022 AND \$1.2 MILLION IN FY 2023, TECHNICAL ADJUSTMENTS TO REFLECT THE NEVADA DEPARTMENT OF TRANSPORTATION'S NEVADA SHARED RADIO SYSTEM REPLACEMENT COST ALLOCATION OF \$14,417 IN FY 2022 AND \$10,813 IN FY 2023, TECHNICAL ADJUSTMENTS TO ELIMINATE THE REPLACEMENT RADIOS IN DECISION UNIT E-300, TECHNICAL ADJUSTMENTS IN DECISION UNIT E-715 TO REFLECT THE REPLACEMENT OF 18 COMPUTERS OVER THE 2021-2023 BIENNIUM, AND APPROVAL OF BUDGET AMENDMENT A215284722 THAT RECOMMENDS FUNDING OF \$76,598 IN FY 2022 AND \$78,167 IN FY 2023 FOR THE BUILDINGS AND GROUNDS RENT EXPENDITURES FOR THE NEW SOUTH RENO DMV FIELD OFFICE.
- BUDGET ACCOUNT 4731: DMV—VERIFICATION OF INSURANCE, INCLUDING TECHNICAL ADJUSTMENTS TO BASE TO REFLECT UPDATED REVENUE PROJECTIONS FOR VEHICLE REINSTATEMENT REGISTRATION FEE REVENUE THAT REFLECTED INCREASED REVENUE OF \$5.7 MILLION IN FY 2022 AND \$7.3 MILLION IN FY 2023, TECHNICAL ADJUSTMENTS TO REFLECT ALL TRANSFERS TO THE HIGHWAY FUND IN DECISION UNIT E-231, AND NOT APPROVING DECISION UNIT E-715 SINCE THE REPLACEMENT COMPUTERS ARE NO LONGER NEEDED.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Please move on to the next budget.

INFRASTRUCTURE
DEPARTMENT OF TRANSPORTATION
NDOT - TRANSPORTATION ADMINISTRATION (201-4660)
BUDGET PAGE NDOT-15

Adam Drost, Senior Program Analyst:

The next budget is the Department of Transportation (NDOT) [page 79, [Exhibit C](#)]. There are five Major Closing Issues in this budget and the first is the Highway Fund balance and capital expenditures.

The Governor recommends Highway Fund construction totaling \$523.4 million in fiscal year (FY) 2022 and \$522.6 million in FY 2023 in the NDOT base budget. Major sources of revenue generated for the state Highway Fund include vehicle registration and driver's license fees, special fuel tax, and gasoline taxes.

Nevada Revised Statutes (NRS) 482.182 requires 75 percent of Governmental Services Tax (GST) revenue to be deposited in the Highway Fund and 25 percent to the General Fund. However, this revenue was temporarily redirected to the General Fund in FY 2021 pursuant to Senate Bill 3 of the 31st Special Session. Highway Fund revenue is largely projected by the Department of Motor Vehicles (DMV), as I mentioned earlier during this morning's budget closings, and is projected on page 80. You can see that the Highway Fund was projected in the Governor's recommended budget to decrease in FY 2022 and FY 2023 compared to historic levels largely due to the COVID-19 pandemic.

Highway Fund appropriations are provided to the various state agencies as indicated on page 81 [[Exhibit C](#)] with the largest share being provided to NDOT. The NDOT identifies an unrestricted Highway Fund balance for cash flow necessary to sustain one month of operating and one and one-half months of capital construction program expenditures. The Department indicates, based on The Executive Budget recommendations, that an updated unrestricted minimum balance would be approximately \$123.7 million in FY 2022 and \$118.4 million in FY 2023. As originally recommended in the Governor's budget, the NDOT indicated that it would be below this minimum balance by \$34.7 million at the end of the upcoming biennium.

I would note The Executive Budget recommends funding for highway construction of \$523.4 million in FY 2022 and \$522.6 million in FY 2023. That is in the base budget. There is also additional funding provided for Highway Fund construction in other decision units, and if all of those were considered the total would be \$542.9 million in FY 2022 and \$545.6 million in FY 2023.

Highway construction is funded with a combination of Highway Fund proceeds and federal revenue. That federal revenue is projected to be \$378 million in each year of the upcoming

biennium. The Governor does not recommend the sale of highway revenue bonds in the 2021-2023 biennium.

Fiscal Analysis Division staff would note the Department indicates the state is slated to receive approximately \$90 million in transportation—related funding from the recent federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021. The Department indicates it would retain a large portion of this, approximately \$70 million. It is currently evaluating the project needs and identifying projects that could be used for that funding. The Department indicates that it would submit a work program to reflect that additional funding and has requested that be used to supplement, not supplant, its current capital construction program recommended by the Governor.

On page 82 [[Exhibit C](#)] you can see details regarding some of the major projects that will be worked on by the Department in the upcoming biennium.

During the Department's budget hearing on March 24, 2021, the Subcommittees expressed concern with the projected Highway Fund balance. In response, the Department indicated that if the balance in the Highway Fund were an issue, it could adjust its capital construction program to address any cash flow limitations. The Department also indicated that it strives to spend all of its federal funding by August of every year and has additional projects that are ready to be funded with additional federal funding that may become available and redistributed in August by the federal Highway Administration. They indicated that they received \$46.8 million in that August redistribution in FY 2020 and have received a total of \$186.3 million over the last 11 years in that August redistribution.

As we discussed in the DMV budget, the DMV updated the projected Highway Fund revenue projections on April 1, 2021, and those updates are provided on page 83. As we discussed earlier, these revenue projections, compared to the original projections in the Governor's recommended budget, increased by \$50.5 million in FY 2022 and \$57.3 million in FY 2023.

Based on the updated revenue projections, the NDOT indicates that the unrestricted balance for the Highway Fund would be \$245.3 million in FY 2022 and \$229.5 million in FY 2023, which represents a Highway Fund balance that will be approximately \$111 million above the calculated minimum amount of \$118.4 million at the end of the 2021-2023 biennium.

Do the Subcommittees wish to recommend approving the Governor's recommendation for highway construction in the base budget totaling \$523.4 million in FY 2022 and \$522.6 million in FY 2023?

Chair Miller:

Members, do we have any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR HIGHWAY CONSTRUCTION IN THE BASE BUDGET TOTALING \$523.4 MILLION IN FISCAL YEAR 2022 AND \$522.6 MILLION IN FISCAL YEAR 2023.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Please proceed to the next item.

Adam Drost:

The next Major Closing Issue is new positions and the Governor recommends Highway Fund authorizations totaling \$3.1 million over the 2021-2023 biennium to add 26 positions to the Department. This includes 2 program officer positions to support NDOT's Records Management program; 1 supervisory personnel analyst and 1 personnel analyst position to create a new Investigations Unit for NDOT's Human Resources Division; 1 IT professional position to enhance information security; 1 IT manager position to assist with the Intelligent Transportation Systems and the Nevada Shared Radio System; 1 IT manager position to assist with managing units within NDOT's Information Technology Division; 1 program officer position to assist with NDOT's Over-Dimensional Vehicle Permit program; 3 traffic center technician positions to support the Department's Road Operation Centers and Freeway Service Patrols; and 15 student worker positions to assist NDOT with the development of its future workforce.

The table on page 85 [\[Exhibit C\]](#) lays out and provides more detail regarding those positions. During the Department's hearing on March 24, 2021, the Subcommittees expressed interest in a few programs that I will highlight, including the records management program and a question related to the increase in records requests. Regarding records management and the increase in records requests, the Department indicated that is partially related to the large projects that have been recently worked on by NDOT, which generate various questions and requests for information from landowners, interested parties, and the media.

Regarding the Human Resources Investigations Unit, the NDOT indicated its Human Resources Division must assist with the management of NDOT staff consisting of over 1,800 employees across the state. This includes investigating grievances, workplace violence, workplace safety, drug and alcohol issues, and accident issues. Supervisors and division heads often conduct these investigations, which takes them from their duties and provides the opportunity for inequities for these investigations across the state. In addition to formal investigations, NDOT clarified that its Human Resources Division also handles hundreds of informal investigations each year and the addition of these positions recommended by the Governor could assist with formal as well as informal investigations.

Regarding the student worker program, the Department indicated this program would operate in the same manner as its public service intern program, which allows college students to serve as interns in the Department. However, instead of college students, these student worker positions would be filled by juniors and seniors in high school, or equivalent, and would be eligible to work until six months after graduation. The Department also indicated that although these student worker positions would be working across the various NDOT districts, it would provide a uniform program across the state by having its Human Resources Division staff provide oversight for the program from its Carson City headquarters.

If approved, Fiscal staff recommends various technical adjustments for these positions; the first being for the supervisory personnel analyst. The Department has since clarified that this classification is only used by the Department of Administration's Division of Human Resource Management and Fiscal staff requests authority to change that position to a personnel analyst.

For the IT manager, the Department indicates that if that position were approved, a master service agreement contract position could be eliminated in FY 2023 once the individual in the new state position is hired and trained. That would allow for current contract expenditures to be reduced by \$210,000 in FY 2023.

For the over dimensional program officer position, the Governor recommends a start date of October 1, 2021. However, NDOT has requested that the start date for the position be moved up and allowed to begin on July 1, 2021 since there is a current workload for that program, which affects public safety.

For the student workers, consistent with establishing new state positions, NDOT utilized a start date of October 1, 2021, for those student worker positions. However, the Department indicates that program could begin as soon as summer 2021. Fiscal staff requests authority to revise the start date for the student worker positions to July 1, 2021, if approved.

Do the Subcommittees wish to recommend approving the Governor's recommendation for Highway Fund authorizations totaling \$3.1 million over the 2021-2023 biennium to add 26 positions to the Department and provide Fiscal Analysis Division staff with authority to enter the technical adjustments noted and any other necessary technical adjustments?

Chair Miller:

Subcommittee members, are there any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR HIGHWAY FUND AUTHORIZATIONS TOTALING \$3.1 MILLION OVER THE 2021-2023 BIENNIUM TO ADD 26 POSITIONS TO THE DEPARTMENT OF TRANSPORTATION AND AUTHORIZE FISCAL STAFF TO ENTER THE TECHNICAL ADJUSTMENTS NOTED AND ANY OTHER NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Please proceed to the next item.

Adam Drost:

The third Major Closing Item addresses technical adjustments for the Nevada Shared Radio System replacement [Page 87, [Exhibit C](#)].

The 2019 Legislature approved the continuation of the replacement of the Nevada Shared Radio System in the 2019-2021 biennium and the Governor recommends the continuation of this project in the upcoming biennium. This project would largely be funded with one-shot Highway Fund and General Fund appropriations; however, technical adjustments would be needed to reflect the cost allocation revenue associated with this project.

As a reminder, the Nevada Shared Radio System covers the entire state and is owned and maintained by various partners along with NDOT. The system uses 113 sites and supports approximately 12,000 users. The Department indicates the system technology was first implemented in the 1990s, and the manufacturer of the radio system is no longer supporting the system. The Department has broken the radio replacement project into regions and indicates that the project should reach final system acceptance in July 2023.

During the Department's budget hearing on March 24, 2021, the Department provided an update on the radio replacement project. The NDOT indicated this is a complex project that involves work in remote and high-altitude locations. The Department stated the project is progressing slower than originally planned, with the COVID-19 pandemic affecting the vendor, but they were confident the project would be completed in FY 2024 as originally planned.

The Department indicated they have experienced NDOT staff members who were assigned to the project, with many having prior military experience similar to this type of project. The NDOT indicated it would utilize parallel radio systems, whereby both the old and new systems would be maintained and operated until the new system was fully tested and implemented.

As I indicated, the project is funded utilizing a cost allocation that largely distributes costs between Highway Funded budgets, General Funded budgets, and fee-funded budgets. The largest portion will be funded by one-shot Highway Fund and General Fund appropriations that will be discussed during a separate bill hearing. However, The Executive Budget does not reflect revenue transfers from the associated fee-funded budgets to NDOT for this project. Accordingly, Fiscal staff requests authority to enter technical adjustments to reflect cost allocation revenue of \$121,111 in FY 2022 and \$90,834 in FY 2023 from the fee-funded budgets that would support a portion of the cost of the radio replacement project.

Do the Subcommittees wish to provide Fiscal Analysis Division staff with authority to enter technical adjustments to reflect the revenue from the fee-funded budgets in the NDOT budget to support a portion of the cost of the Nevada Shared Radio System replacement and any other necessary technical adjustments?

Chair Miller:

Members, are there any questions? Seeing no questions, I will entertain a motion.

SENATOR DENIS MOVED TO AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ENTER TECHNICAL ADJUSTMENTS TO REFLECT THE REVENUE FROM THE FEE-FUNDED BUDGETS IN THE DEPARTMENT OF TRANSPORTATION BUDGET TO SUPPORT A PORTION OF THE COST OF THE NEVADA SHARED RADIO SYSTEM REPLACEMENT AND ANY OTHER NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

Please proceed with the next presentation.

Adam Drost:

The next Major Closing Item are the enhancements for Information Technology (IT) Systems. The Governor recommends Highway Fund authorizations of \$21 million over the biennium to modernize and enhance the IT systems used by the Department.

The Department indicates it would continue to modernize the Department's outdated legacy enterprise systems to keep them functioning over the upcoming biennium for a cost of \$9 million, which includes the migration of existing applications and systems to cloud-hosted systems as well as the replacement of some older legacy systems. In addition, the Department indicates that various geographical information system (GIS) enhancements totaling \$12 million over the 2021-2023 biennium would help the Department streamline its workflow and allow data to be organized by location.

The Department indicates that by compiling this data into one GIS platform it would be able to take a holistic view of all the conditions in an area, allowing for more efficient planning of projects and other Department processes.

The table on page 89 provides details regarding these planned expenditures, and NDOT indicates annual expenditures of approximately \$5.2 million would be needed for ongoing costs.

During the Department's budget hearing, NDOT indicated it has focused on a cloud migration strategy that involves moving various IT systems onto the cloud, which allows for greater efficiencies by providing its employees with access to systems and data in the field. The NDOT further indicated the GIS enhancements would allow data to be organized by location, stored in one system, and allow the Department to make data-informed decisions using analytic software.

When asked about the ongoing cost of these enhancements, NDOT indicated that when IT systems shift to the cloud, costs also shift from hardware to cloud hosting and software maintenance fees.

Do the Subcommittees wish to recommend approving the Governor's recommendation for Highway Fund authorizations of \$21 million over the 2021-2023 biennium to modernize and enhance the IT systems used by the Department and provide Fiscal Analysis Division staff with authority to enter any necessary technical adjustments?

Chair Miller:

Members, are there any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR HIGHWAY FUND AUTHORIZATIONS OF \$21 MILLION OVER THE 2021-2023 BIENNIUM TO MODERNIZE AND ENHANCE THE INFORMATION TECHNOLOGY SYSTEMS USED BY THE DEPARTMENT OF TRANSPORTATION AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ENTER ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN WATTS SECONDED THE MOTION.

THE MOTION CARRIED (ASSEMBLYWOMAN MONROE-MORENO
WAS ABSENT FOR THE VOTE).

Chair Miller:

Please proceed with the presentation.

Adam Drost:

The next Major Closing Issue is the fueling system upgrade [page 90, [Exhibit C](#)]. The Governor recommends Highway Fund authorizations of \$4.8 million over the 2021-2023 biennium to complete the upgrade of the Department's fueling system, which began in FY 2016. When originally approved by 2015 Legislature, NDOT projected the cost to upgrade its fueling system would total approximately \$16.3 million and be completed over a four-year period, from FY 2016 to FY 2019. The Department now estimates the fueling system upgrade will cost a total of \$21.1 million and be completed in FY 2024.

As background, the NDOT fueling system involves 53 fueling sites throughout the state, which are used by 107 state and local governmental agencies. The Department indicates this project has been delayed due to numerous factors, including staff turnover and the COVID-19 pandemic. These delays have contributed to the increased costs as inflationary increases have been realized due to the extended period to complete the project. The NDOT indicates that it has not previously completed this type of work so it is a new area for them. They also indicated that various technology enhancements, such as dual card readers and multi-product dispensers, have been implemented into the project that were not originally envisioned.

Finally, the Department attributes some of the cost increases to unforeseen site conditions that include contaminated soil remediation, abandoned underground fuel tanks that were unknown at the time of design, septic systems that were unknown, and multiple layers of asphalt and concrete.

During the Department's budget hearing, the Department indicated it has completed the replacement of 21 fueling sites and has 25 fueling sites remaining to be replaced. The NDOT indicated that the cost of contaminated soil remediation was one factor that contributed to the cost of the project, with the Department indicating that \$456,462 had been spent to-date on soil remediation.

Despite these unforeseen costs, NDOT indicated during the budget hearing that the Governor's recommended budget should provide the necessary resources to complete the replacement of the remaining fueling sites.

Do the Subcommittees wish to recommend approving the Governor's recommendation for Highway Fund authorizations of \$4.8 million over the 2021-2023 biennium to complete the upgrade of the Department's fueling system and provide Fiscal staff with authority to enter any necessary technical adjustments?

Chair Miller:

Members, do we have any questions? Not seeing any questions, I will entertain a motion.

SENATOR DENIS MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR HIGHWAY FUND AUTHORIZATIONS OF \$4.8 MILLION OVER THE 2021-2023 BIENNIUM TO COMPLETE THE UPGRADE OF THE DEPARTMENT OF TRANSPORTATION'S FUELING SYSTEM AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO ENTER ANY NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN WATTS SECONDED THE MOTION.

THE MOTION CARRIED (ASSEMBLYWOMAN MONROE-MORENO WAS ABSENT FOR THE VOTE).

Chair Miller:

Please proceed to the next item.

Adam Drost:

Other Closing Items begin with base budget technical adjustments. The Department of Motor Vehicles provided updated revenue projections, with Fiscal Analysis Division staff entering technical adjustments for the Highway Safety fee charged for every driver's license pursuant to *Nevada Revised Statutes* (NRS) 483.415, which is projected to increase by \$48,474 in FY 2022 and \$53,106 in FY 2023 as reflected in the closing adjustments for this budget.

There are also cost allocation changes, equipment replacement, as well as a new equipment decision unit enhancement (E) 720, recommending Highway Fund authorizations of \$4.8 million in FY 2022 and \$3.4 million in FY 2023. I would note, based on the recommended purchase of additional front-end loaders that is included in this decision unit, The Executive Budget projected equipment rental costs would be reduced by \$660,934 over the 2021-2023 biennium. However, NDOT indicates there was an error in this calculation, and the projected reductions were based on the number of new front-end loaders included in the agency's requested budget. Based on the number included in the Governor's recommended budget, the Department indicates the projected equipment rental costs would only be reduced by \$302,142 over the biennium. Fiscal staff request authority to enter this reduced amount as a technical adjustment.

There is also a maintenance of buildings and grounds recommendation, as well as position reclassifications. I would also note that there is additional information—no action necessary by the Subcommittees—regarding the establishment of the state infrastructure bank, but as of today there has been no budget amendment submitted to the Fiscal Analysis Division, in support of that.

Fiscal Analysis Division staff recommends Other Closing Items 2, 3, 5, and 6 be closed as recommended by the Governor, Other Closing Items 1 and 4 be closed with the noted technical adjustments, and requests authority for Fiscal staff to make other technical adjustments as necessary.

Chair Miller:

Members, do we have any questions? Not hearing any questions, I will entertain a motion.

SENATOR DENIS MOVED TO CLOSE OTHER CLOSING ITEMS 2, 3, 5, AND 6 AS RECOMMENDED BY THE GOVERNOR, OTHER CLOSING ITEMS 1 AND 4 WITH THE NOTED TECHNICAL ADJUSTMENTS, AND AUTHORIZE FISCAL ANALYSIS DIVISION STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

ASSEMBLYWOMAN MONROE-MORENO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Miller:

If I am correct, that is our last budgeted item to vote on, correct?

Adam Drost:

That is correct.

Chair Miller:

First of all, Mr. Drost, you did an outstanding job this morning. This was exhaustive and technical and we really appreciate your tenacity in your work this morning. Thank you so much.

I would like to thank the members as well, because it was a long and technical hearing, and I am thrilled that we were able to complete it all today.

With that, I will close the discussion on our budget closings, and move on to our last agenda item, which will be public comment.

Lea Case, representing ACE High School, Reno:

I wanted to extend our thanks and support for budget decision item E-226 in NDOT budget account 4660 [pages 85 through 87, [Exhibit C](#)]. With these new student worker positions, we are very interested. Our students learn a variety of skills at ACE and would fit so nicely in internships at NDOT. We look forward to working with Director Swallow and the whole team at NDOT to get our students places.

Chair Miller:

I will close public comment. This meeting is adjourned [at 10:56 a.m.].

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:

Assemblywoman Brittney Miller, Chair

DATE: _____

Senator Moises Denis, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is the closing document titled "Public Safety, Natural Resources and Transportation Joint Subcommittee, Closing List #4, April 13, 2021" presented by the staff of the Fiscal Analysis Division, Legislative Counsel Bureau.