

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

**Eighty-first Session
February 8, 2021**

The Senate Committee on Growth and Infrastructure was called to order by Chair Dallas Harris at 3:31 p.m. on Monday, February 8, 2021, Online. [Exhibit A](#) is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Dallas Harris, Chair
Senator Chris Brooks, Vice Chair
Senator Pat Spearman
Senator Scott Hammond
Senator Keith F. Pickard

STAFF MEMBERS PRESENT:

Susan Scholley, Policy Analyst
Eileen O'Grady, Counsel
Debbie Shope, Committee Secretary

OTHERS PRESENT:

Sean Sever, Administrator, Division of Management Services and Programs,
Department of Motor Vehicles
Joseph (J. D.) Decker, Administrator, Division of Compliance Enforcement,
Department of Motor Vehicles
April Sanborn, Administrator, Division of Central Services and Records,
Department of Motor Vehicles
Kevin Park, Insurance Auto Auctions
Mark Binder, Copart
Jennifer Atlas, Insurance Auto Auctions
Andrew MacKay, Executive Director, Nevada Franchised Auto Dealers
Association

CHAIR HARRIS:

We will open the hearing on Senate Bill (S.B.) 17.

SENATE BILL 17: Revises provisions governing motor vehicles. (BDR 43-319)

SEAN SEVER (Administrator, Division of Management Services and Programs, Department of Motor Vehicles):

The Department of Motor Vehicles (DMV) seeks to remove the established place of business requirement for driving schools that offer online classroom instruction. The DMV is working to transform its services and offer them online so Nevadans will not be required to come to our buildings to conduct business. This bill is part of that effort.

The bill's intent is to remove the established place of business requirement for the issuance of a license for operation of driving schools when the instruction is being provided online.

The DMV wants to clarify that the books and records of a licensee must be maintained and made available to DMV physically or electronically.

CHAIR HARRIS:

We will close the hearing on S.B. 17. We will open the hearing on S.B. 29.

SENATE BILL 29: Authorizes the appointment of an agent of the Department of Motor Vehicles to issue salvage titles. (BDR 43-348)

MR. SEVER:

The DMV is seeking to partner with third parties to process salvage titles. Salvage titles are a form of title branding which denotes a vehicle has been damaged or deemed a total loss by an insurance company that has made a claim on the vehicle.

The DMV is transforming its services and moving everything online. This bill is also a part of the same effort as S.B. 17.

The DMV had to close its doors for approximately two months last summer due to the pandemic. We were not able to process salvage titles along with providing other services.

Industry representatives contacted DMV and offered to partner in the review and processing of salvage titles. The DMV has the authority for this type of

partnership in *Nevada Revised Statutes* (NRS) Chapters 481 and 482 but not in NRS 487. This is the intent of this bill.

Industry representatives partner with other jurisdictions in handling and processing salvage titles. The DMV wants to allow these third parties the ability to produce salvage titles. This is similar to the authority granted in NRS 481, which allows the issuance of temporary permits, and NRS 482, enabling the issuance of regular vehicle titles.

The DMV will still hold workshops and work on the regulations to develop this process.

CHAIR HARRIS:

If the DMV enters into a contract with someone who turns out to be a bad actor, what are the options for termination of that contract once it has been executed?

JOSEPH (J. D.) DECKER (Administrator, Division of Compliance Enforcement, Department of Motor Vehicles):

It would be specified in the contract. It would not necessarily be a compliance enforcement issue. The Division of Compliance Enforcement would investigate any type of fraud, misuse or violations of the law.

We will work with our other divisions to come up with regulations that will protect the public, DMV and the State. The contract would need to include provisions to terminate in the event of any fraud or misuse of the authority.

SENATOR PICKARD:

Are there qualifications that have to be met prior to a contract being entered into with a third party? Is anyone who meets the qualifications able to enter into a contract, or is there a bidding process? What is the selection process?

APRIL SANBORN (Administrator, Division of Central Services and Records, Department of Motor Vehicles):

We enter into contracts with entities using the same process other State agencies follow that go through the Department of Administration's Purchasing Division. The parameters and guidelines are already established.

SENATOR PICKARD:

Is this a bid situation that is done periodically? Can someone decide to perform this third-party function and apply any time of year?

Ms. SANBORN:

These contracts would go through a bidding process with the State Purchasing Division. That will not change. There are parameters set forth within the bill's language that establish criteria for entities to enter into a contract with DMV. The language in the bill is coupled with the processes of the Purchasing Division.

SENATOR PICKARD:

If a business wanted to submit a bid for a contract and it was the day after the bids closed, would they need to wait two years before they could submit a bid? I am trying to understand how a business could see this as a potential employment opportunity. If it could be a two-year process, then it may not be an option.

SENATOR BROOKS:

Section 2, subsection 1 concerns the fees associated with this process and says the agent shall collect the statutory fees for issuing the salvage title. Are there additional fees, or will the agent collect only those fees and turn them over to the State?

Ms. SANBORN:

Yes, they would collect those fees and turn that money over to the State.

SENATOR BROOKS:

The contractor does not receive any fees collected for the salvage title set by statute. The fees are collected on behalf of the State?

Ms. SANBORN:

Yes, they are being collected on behalf of the State.

SENATOR BROOKS:

Their compensation is 100 percent through a contract they enter into with DMV for providing the service?

Ms. SANBORN:

I do not have an answer to your question. I will get it for you.

SENATOR BROOKS:

Why does this bill require a two-thirds majority vote? It does not appear to be collecting additional revenue? We are subcontracting a service that DMV provides that is State funded.

EILEEN O'GRADY (Counsel):

The two-thirds portion relates to the fingerprint fees that the person has to submit.

SENATOR BROOKS:

It is not new revenue. It is a new cost of having a subcontractor do this job. Is that correct?

MR. SEVER:

That is correct.

SENATOR BROOKS:

Is the cost of the contractor processing these salvage titles lower than DMV's cost? Is DMV going to have additional costs associated with this service or is DMV going to realize savings with this service?

Ms. SANBORN:

There are no cost savings or increases to the DMV. What we will be realizing is savings in processes and it will be more efficient. We do not know exactly what that process is going to be because this bill simply provides the language that will give us the authority to have those conversations. We will discover what the program is and how it can be mutually beneficial to DMV as well as to third-party entities and the public. The goal is that DMV will get salvage titles processed on the back end in a timely manner.

SENATOR SPEARMAN:

Will DMV reach out to potential third parties to ensure there is diversity for minority businesses and women?

Ms. SANBORN:

Absolutely. We intend to engage all types of organizations for discussions.

SENATOR SPEARMAN:

Is there a specific outreach program or something DMV is automatically doing already? Coming out of the Covid-19 pandemic, we want to ensure all of our communities, particularly Black, Indigenous and People of Color, get a fair shot at any contracts that the State releases.

Ms. SANBORN:

You asked if DMV is doing our due diligence to reach out to minority businesses and make sure they are a part of this process. You have our commitment.

KEVIN PARK (Insurance Auto Auctions):

Insurance Auto Auctions processes approximately 15,000 to 20,000 salvage titled vehicles in Nevada each year. When Covid-19 hit, we were not able to obtain any salvage titles. Our business was almost shut down for a period of time.

Outside of a pandemic situation, the quicker we can get a vehicle salvage title for our insurance customers, the more revenue they can rely on. Generally, that translates into lower premiums for customers.

Insurance Auto Auctions has two salvage yards in Nevada. We like to have a smaller footprint for storing vehicles which are waiting for a salvage title. If we can get salvage titles processed quickly, then we can take in additional vehicles and not have to seek additional acreage for storage.

There was a question by one of the Committee members regarding the value to DMV. There is value to DMV in rededicating its staffing time, rather than processing a salvage title for a company such as Insurance Auto Auctions. The DMV can dedicate staff to direct customer contacts who need more hands-on assistance and help from DMV. We are in favor of this bill and hope it will pass.

MARK BINDER (Copart):

We are an auction service with two locations covering the entire State for our insurance customers. We have had a positive and long-standing relationship with DMV. This is something we are thankful for and consider DMV an industry partner for the entire industry, not just for Copart.

This bill is an example of cooperation. It is when this industry and State government can work together to create solutions to problems to create a more efficient process.

There were questions or a perception that there are additional costs but no revenue to the State. That is not the case. The DMV will get the same revenue but no costs associated with processing the salvage title work.

Dealers such as Copart and our competitor Insurance Auto Auctions will process salvage titles for DMV. These are low-risk titles; these are salvage titles. Our companies will be absorbing the expense for processing the salvage titles. There are approximately 40,000 salvage titles processed each month for the industry.

This is not a new idea. There are surrounding states, Utah, Arizona, California, and even New Mexico, that have a similar process. Arizona has been issuing salvage titles this way since 1995. It is a long term proven system that we are requesting in Nevada.

We think it is good for the industry and good for citizens, especially when we have to schedule time at customer service windows with DMV to process salvage titles. The scheduling time is tough for DMV staff to manage. This is an easy solution that can make it better for DMV, our industry and our citizens. We are in support of S.B. 29.

JENNIFER ATLAS (Insurance Auto Auctions):

I want to thank DMV for bringing this bill forward and being a leader on this issue. We support this measure.

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

We are in support of this bill. It will reduce the processing times for issuance of salvage titles. We hope this will alleviate some of the burden for DMV, specifically the Division of Central Services who have been overrun with work since the Covid-19 pandemic. We fully support anything we can do to streamline the process and improve it.

MR. SEVER:

The goal of DMV is to enable dealers to turn titles around faster and not have to wait on our agency.

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CHAIR HARRIS:

We will close the hearing on S.B. 29. There being no further comments, we are adjourned at 4:06 p.m.

RESPECTFULLY SUBMITTED:

Debbie Shope,
Committee Secretary

APPROVED BY:

Senator Dallas Harris, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
	A	1		Agenda