MINUTES OF THE SENATE COMMITTEE ON GROWTH AND INFRASTRUCTURE

Eighty-second Session April 10, 2023

The Senate Committee on Growth and Infrastructure was called to order by Chair Dallas Harris at 3:51 p.m. on Monday, April 10, 2023, in Room 2144 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Dallas Harris, Chair Senator Pat Spearman, Vice Chair Senator Julie Pazina Senator Scott Hammond Senator Ira Hansen

GUEST LEGISLATORS PRESENT:

Senator Marilyn Dondero Loop, Senatorial District No. 8 Senator Edward Flores, Senatorial District No. 2

STAFF MEMBERS PRESENT:

Kristin Rossiter, Policy Analyst Jessica Dummer, Counsel Vicky Lind, Committee Secretary

OTHERS PRESENT:

Gary Ackerman, Gaudin Motor Company
Andrew MacKay, Nevada Franchised Auto Dealers Association
Danny Thompson
Kevin Bonsignori, Gaudin Motor Company
Nick Schneider, Vegas Chamber
Dennis Fekete, Carson City Hyundai
Matthew Hohl, Michael Hohl Automotive

Alfredo Alonso, Alliance of Automobile Manufacturers
Curt Augustine, Alliance for Automotive Innovation
Jesse Wadhams, General Motors
Rafael Arroyo, Registration Services Association of Nevada
Maggie Salas Crespo, Deputy Secretary, Office of the Secretary of State
Sarah Marks, My Car Lady
Wiselet Rouzard, Americans for Prosperity Nevada
Patricia Erickson, Nevada Transportation Authority
Kimberly Maxson-Rushton, Livery Operators Association of Las Vegas

CHAIR HARRIS:

We will open this committee meeting with Senate Bill (S.B.) 303.

SENATE BILL 303: Revises provisions relating to motor vehicles. (BDR 43-673)

SENATOR MARILYN DONDERO LOOP (Senatorial District No. 8):

A car dealership that completes warranty work, a recall service or a repair on a vehicle should be fairly compensated by the manufacturer for that work and that is what we are seeking with <u>S.B. 303</u>. Any manufacturer of motor vehicles including trailers or semi-trailers is included under the provisions of this bill.

Sections 2 through 7 of <u>S.B. 303</u> define several terms relating to the applicable parts and warranty work being performed. Section 8 provides that it is an unfair act or practice for a manufacturer to fail to compensate a dealer fairly for the work they have performed and the expenses they incurred in performing the warranty work, recall service or repair or to violate other provisions of sections 9 and 11 through 15. Section 8 further provides that the compensation of labor is at a rate that is equal to the prevailing retail labor rate, multiplied by the time allowances in the guide used by the dealer, as well as the dealer's cost for the parts.

GARY ACKERMAN (Gaudin Motor Company):

Current legislation does provide for us to be reimbursed; however, manufacturers are not consistent regarding the fees charged. Our industry's most difficult challenge today is recruiting and maintaining technicians to work on vehicles. The western United States is competing with other states in our Nation. The law is different in those states, which results in a disadvantage to our State as we no longer are competitive in wages. Nevada's population growth is robust both in the southern and northern parts of the State. My family

has been in the automobile business in this State 101 years. We operate a family business that provides stability for our team members; more importantly, stability for our customer base. Manufacturers require us to compile billing for the repair orders, often in the thousands, to send to their headquarters to compare them with the language in the law. Their response to our billing is that the law is ambiguous as to whether repairs are covered, or even that the charges are covered at the rate charged.

ANDREW MACKAY (Nevada Franchised Auto Dealers Association):

The Alliance for Automotive Innovation, General Motors, Black & Wadhams and I have been collaboratively working on this bill's amendment (Exhibit C). Franchise auto dealers are businessmen and women immersed in our communities. Auto dealers are well known for their charitable contributions to the community, donating millions of dollars to various causes from autism treatment to providing funding to schools for sports equipment and books. Auto sales make up 20 percent of the Nevada retail economy. In 2021, total sales exceeded \$11.4 billion which resulted in over \$500 million in sales tax revenue. From a service standpoint, it is important to note the average dealer in Nevada services over 22,000 vehicles a year.

This is a jobs bill; this is an employee retention of compensation bill. On average, an employee at a franchise auto dealer earns \$88,000 per year. You may be wondering why we are here to talk to you about compensation with respect to warranty and recall work. Per *Nevada Revised Statute* (NRS) 482, the Legislature declares that the distribution and sale of motor vehicles in Nevada vitally affects the general economy of the State, public interest and public welfare. This brings Nevada on parity with other states. Refer to the Strength of Statutes map: a 2023 map of states that have formulary language (Exhibit D contains copyrighted material. Original is available upon request of the Research Library.).

DANNY THOMPSON:

This is as much a consumer bill as it is a fairness bill. I ordered a truck from a dealership in Henderson but when it could not deliver, I purchased the same vehicle from a Reno dealership. The vehicle's computer system began having problems after a month of owning the vehicle. I took it back to a dealer I had not purchased it from and, after six weeks of trying to reprogram it, the entire computer system had to be replaced. This process took so long due to getting authorization from the manufacturer. While the part was covered, the dealer did

not get compensated for the labor of the repair attempts, nor for installing the new computer.

KEVIN BONSIGNORI (Gaudin Motor Company):

I am the parts manager for Gaudin Ford where I have been employed for 32 years. Our laws currently state that the manufacturers are to reimburse us at retail rates for our warranty parts. However, the law is not clear on how to calculate those reimbursements. Our manufacturers require us to provide documentation for each part reimbursement. The manufacturer reimburses less than what we spent, which results in a loss to our business and less compensation for our employees.

NICK SCHNEIDER (Vegas Chamber):

The Vegas Chamber is in support of <u>S.B. 303</u>. We believe this bill creates an overall system that ensures fair compensation and limits the financial risk exposure for our local auto dealers regarding manufacturing defects. We especially appreciate that this outlines a process to establish and mediate a fair rate for manufacturers to reimburse our local auto dealers.

DENNIS FEKETE (Carson City Hyundai):

I am a shop foreman with a local car dealership. This bill is important to retain our technicians. This trade is expensive to enter and to continue your education as a technician. Our technicians often advance two years in their career within one physical year. We utilize many resources in our continuing education due to the expansion of hybrid and electric vehicles. In addition, the warranty coverages have decreased. Technicians must be compensated fairly to continue in their profession.

MATTHEW HOHL (Michael Hohl Automotive):

I would like to ditto what the others have said as far as allowing us to attract quality technicians and compete fairly with the other states. As we are a border state to California, this will allow us to compensate our technicians fairly and not lose them to states such as California that are compensating at a higher pay. Vehicle technician is a wonderful career, however, it is a challenge to attract young people into these positions and compensate them fairly.

ALFREDO ALONSO (Alliance of Automobile Manufacturers):

We have been working hard with the industry to reach a common ground. I believe we are there.

CURT AUGUSTINE (Alliance for Automotive Innovation):

We want to thank the sponsor of this bill for her willingness to help us craft a fair compromise that both respects the concerns of the dealers as well as the auto manufacturers. We were in strong opposition to the original bill but thanks to all parties involved for working together, we are now neutral on the bill.

JESSE WADHAMS (General Motors):

We represent General Motors and I will leave it at that, unless you have some questions.

SENATOR DONDERO LOOP:

I would like to note that we had several people on the phone lines, but due to the concern for time, we have one ditto for 10 to 12 people. While the provisions of this bill are detailed, the focus of this bill is straightforward to ensure when a dealer performs warranty work they are compensated fairly for the work that has been done.

During the Seventy-sixth Session, I was Chair of the Assembly Committee on Transportation. I think what is important to note is these are people that I grew up with. I have known Gary Ackerman since I was six years old. These are families that have invested in our communities. I believe in the work that they have done in our communities, and I believe they should be compensated fairly.

CHAIR HARRIS:

We will close the hearing on S.B. 303 and open the hearing on S.B. 349.

SENATE BILL 349: Revises provisions relating to document preparation services. (BDR 43-855)

SENATOR EDWARD FLORES (Senatorial District No. 2):

<u>Senate Bill 349</u> will allow third parties to use the term Department of Motor Vehicles (DMV) to advertise that they provide DMV services, so long as they identify themselves as a third-party business, and state as such in their advertisement. There is a need for third parties to provide DMV services as nobody enjoys having to go to the DMV. That process can be time-consuming and dreaded by everyone.

These provisions will ensure that there is no confusion that these small document preparation businesses are not actually the DMV, but rather that they

provide DMV services. Document preparation businesses in Nevada are mandated to be registered with the Office of the Secretary of State (SOS). These provisions will enable the SOS to monitor these businesses for compliance, ensuring they are not misrepresenting themselves.

RAFAEL ARROYO (Registration Services Association of Nevada): I will read my statement (Exhibit E) in support of S.B. 349.

A representative from the SOS is going to talk about the proposed amendment (<u>Exhibit F</u>) that we have been collaboratively working on. It will provide the SOS the ability to monitor businesses that may be misrepresenting themselves and enforce the rules on bad actors.

MAGGIE SALAS CRESPO (Deputy Secretary, Office of the Secretary of State): I oversee the document preparation services program within the SOS. The proposed amendments came from language borrowed from NRS 240, which is notary law. Most notary publics are document preparation services and vice versa. The conceptual amendment I will be presenting today seeks to bring uniformity to the compliance of these two programs. Refer to pages 1 to 5 of Exhibit F for revisions to NRS 240A.100 through NRS 240A.270.

The purpose of these revisions is to streamline compliance and allow the SOS to assess fines for violations in an expedient manner. With the creation of the document preparation services program, the focus of our investigators has been to bring a stronger presence of compliance to Nevada.

SENATOR HANSEN:.

Is there a law that says I cannot take someone's registration and go to the DMV for them? If so, what is the law that is being broken?

Mr. Arroyo:

This bill is more in reference to false advertising, using the DMV logo. They are not clear that they are a third-party providing service for the DMV but are not part of the Department. Technically, if you are preparing documents for someone, then you need to be licensed as a document preparer; if you want to go to the DMV to register a car for a family member, that is permissible.

Ms. Salas Crespo:

Anyone preparing documentation, then going to the DMV to present documentation on behalf of someone else, does need to register with the SOS. There are bad actors who are not properly registered with the SOS and are taking personally identifiable information and payment to go to the DMV. They might advertise themselves as providing these services but are not properly registered with the SOS.

SARAH MARKS (My Car Lady):

I am a third-party DMV registration service and registered with the SOS. I am in support of <u>S.B. 349</u> and giving authority to the SOS regarding the bad actors who are not following the rules, including tracking proper receipts and documentation for the type of work that is being performed, the amount of money that is being charged and even a return of fee policy. I see the result of what happens when individuals come to me after having been ripped off by companies that represent themselves as DMV third-party services who are not. I also welcome the opportunity, going forward, to say DMV rather than Motor Vehicle Department or Tag Agency when identifying the type of work that my company does.

CHAIR HARRIS:

We will close the hearing on S.B. 349 and open the hearing on S.B. 424.

SENATE BILL 424: Revises provisions relating to the Nevada Transportation Authority. (BDR 58-860)

SENATOR EDWARD FLORES (Senatorial District No. 2):

The Nevada Transportation Authority (NTA) administers and enforces state laws pertaining to passenger transportation, household goods movers, storage of household goods and tow vehicles. Senate Bill 424 seeks to revise provisions in NRS 706 to make the application process easier for license to transport people, goods and services within our State.

Today many households are multigenerational. Multigenerational households are those that include two or more adult generations, such as a parent and child, or a grandparent, parent and grown child. This is common, particularly in Latino, Black and Asian households. Often a parent will be employed, leaving the grandparent to care for the child. This in turn can potentially cause a problem for the senior's transportation needs. A situation may arise when the senior

needs to pick up a medication or go to an appointment. These situations create the need for additional passenger and goods transporters.

Hypothetical discussions have been held between myself and the NTA. For example, I have applied to become licensed to engage in nonemergency transportation services. The NTA then conducts background checks and reviews financial records of the business. They are required to post a public notice of this person's application. This opens the door for those that have a direct and substantial interest, including competitors, to file a petition for leave to intervene (PLTI) referred to in <u>S.B. 424</u> as "petition to intervene," which results in existing businesses having the ability to undercut the competition. This also delays the process of obtaining a license from 16 to 19 months.

This process hinders competition. The intervener process is unnecessary in the NTA. This bill seeks to replace this process with a public hearing process, if there is any question as to licensing the applicant. This will allow another entity or business to provide input to the NTA, allowing concerns to be heard and bad actors to be eliminated, as neccessary.

SENATOR HANSEN:

I agree with your premise that we remove bottlenecks that occur due to government authorities. We need to support legitimate businesses in their operations.

SENATOR FLORES:

Once all requirements are fulfilled, application is made to the NTA, the staff and legal counsel will forward their recommendation to the three NTA commissioners, who then can take staff's recommendation or refer it to public hearing.

WISELET ROUZARD (Americans for Prosperity Nevada):

We stand proudly to support <u>S.B. 424</u>. We need to ensure the process is applied equally. I agree with you, Senator Hansen, capitalism is great when managed appropriately.

PATRICIA ERICKSON (Nevada Transportation Authority):

I am the administrative attorney at the NTA. I am neither in support nor opposition of S.B. 424 but am here to answer any questions you may have.

SENATOR SPEARMAN:

My question refers to the testimony regarding existing business potential to undercut businesses seeking licenses from the NTA. That is an ethics violation. Is there anything in statute as to standards? Or perhaps is a disciplinary action possible?

Ms. Erickson:

During the 18 months I have been with NTA, I have had no direct knowledge of that happening. We have discussed the possibility but have not received specific complaints. I am not aware of what the ramifications might be if this did happen.

SENATOR SPEARMAN:

Do you have a unit that investigates this?

Ms. Erickson:

We have an enforcement division in Reno and Las Vegas to investigate violations of NRS 706, *Nevada Administrative Code* (NAC) 706 and NAC 706A and public complaints. If we had knowledge of that practice going on and a complaint was made, our investigators would be assigned to investigate. As I mentioned, I have been at the NTA for 18 months and I have not heard any specific complaint regarding that.

CHAIR HARRIS:

How long does it take the NTA to do its investigation and decide whether to issue a Certificate of Public Convenience and Necessity?

Ms. Erickson:

If a PLTI has not been filed, the process moves quickly; it can be completed within four to six months. It is mostly dependent on the financial investigation. The staff of the NTA are dedicated, and they work hard on moving the process along in a timely manner. The process can be extended when a PLTI has been filed.

CHAIR HARRIS:

How long does the process take when a PLTI has been filed?

Ms. Erickson:

I would say generally one year.

CHAIR HARRIS:

To confirm, did you say one year?

Ms. Erickson:

Yes, I would say one year in general.

KIMBERLY MAXSON-RUSHTON (Livery Operators Association of Las Vegas):

We oppose <u>S.B. 424</u> based on the value and importance of the intervener process and how it serves to protect the traveling public in our State. I would like to begin by talking about the specifics of how the intervener process works. It is governed by regulation, specifically NAC 706, and precludes interveners from intervening for the purpose of stifling competition. It orders the NTA to prohibit an intervener in instances in which it is filed solely for anticompetitive purposes. Additionally, an intervener may not be allowed to participate in a matter if it is demonstrated that the intent was anticompetitive and meant only for undue delay.

The presiding officer at the NTA has the sole discretion of when to allow an intervener into a matter and sets the parameters as to the type of participation in the application that they intervene on. Specifically, at the time that the intervener process is initiated, the petitioner must demonstrate a direct and substantial interest. The process requires that you state specifically and concisely what areas of the application you believe are inconsistent with the law and what you as the intervener intend to add, that is not otherwise anticompetitive. The discovery that is allowed is determined by the presiding officer.

I have participated in the process, both as an applicant and as counsel for an intervener. If at any time an applicant believes that their potential customers are being poached by the intervener, the NTA will dismiss and sanction the intervener. There are guarded protections and safeguards within the law as currently written that allow the intervener process to move in a way that is effective, that protects the public and ensures a fluid process throughout the application. That is to ensure that the NTA properly oversees commercial transportation in Nevada and fosters sound economic conditions in the industry that are not anticompetitive.

SENATOR FLORES:

Due to the direct and substantial clause, I understand that an intervener cannot merely file a petition strictly to hinder competition. Allegations of fraud without evidence can easily be made through the PLTI process.

CHAIR HARRIS:

We have had discussions on this, and we can have more discussions of identifying a deemed-approved-by date. Hopefully, that can assist in preventing the approval date being dragged out nine months. Perhaps we can consider having a drop-dead from date wherein the application must be approved.

The hearing on <u>S.B. 424</u> is now closed. I am rescheduling <u>S.B. 10</u> and <u>S.B. 164</u> from today's work session to Wednesday, April 12th.

SENATE BILL 10: Revises provisions related to the Nevada State Infrastructure Bank. (BDR 35-358)

SENATE BILL 164: Revises provisions relating to special license plates. (BDR 43-8)

We will open this work session with S.B. 40.

SENATE BILL 40: Revises provisions related to manufactured housing. (BDR 43-270)

Kristin Rossiter (Policy Analyst):

I will read from the work session document (Exhibit G) for S.B. 40. The bill has several amendments.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 40.

SENATOR HANSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HARRIS:

Next on our work session agenda is S.B. 66.

SENATE BILL 66: Revises provisions relating to public safety. (BDR 43-256)

Ms. Rossiter:

I will read from the work session document (Exhibit H) for S.B. 66. The bill has one amendment from the agency.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 66.

SENATOR HANSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HARRIS:

Next on our work session agenda is S.B. 85.

<u>SENATE BILL 85</u>: Revises provisions relating to retention payments under certain highway contracts. (BDR 35-665)

Ms. Rossiter:

I will read from the work session document (<u>Exhibit I</u>) for <u>S.B. 85</u>. The bill has one proposed amendment accepted by the agency.

SENATOR HANSEN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 85.

SENATOR HAMMOND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HARRIS:

Next on our work session agenda is S.B. 107.

SENATE BILL 107: Establishes provisions relating to contractors performing work on a highway. (BDR 35-537)

Ms. Rossiter:

I will read from the work session document (<u>Exhibit J</u>) for <u>S.B. 107</u>. The bill has two amendments.

SENATOR HANSEN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 107.

SENATOR HAMMOND SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HARRIS:

Next on our work session agenda is S.B. 257.

<u>SENATE BILL 257</u>: Revises provisions governing tax abatements for certain renewable energy facilities. (BDR 58-538)

Ms. Rossiter:

I will read from the work session document (<u>Exhibit K</u>) for <u>S.B. 257</u>. The bill has one amendment proposed by Senator Daly.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 257.

SENATOR HANSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HARRIS:

Last on our work session agenda is S.B. 346.

SENATE BILL 346: Revises provisions relating to motor vehicles. (BDR 43-458)

Ms. Rossiter:

I will read from the work session document ($\underline{\text{Exhibit L}}$) for $\underline{\text{S.B. 346}}$. This bill has one amendment.

SENATOR SPEARMAN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 346.

SENATOR HANSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR HARRIS: Having nothing further to come before the S Infrastructure, we are adjourned at 5:17 p.m.	Senate Committee on Growth and
	RESPECTFULLY SUBMITTED:
	Vicky Lind, Committee Secretary
APPROVED BY:	
Senator Dallas Harris, Chair	

Senate Committee on Growth and Infrastructure

DATE:_____

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EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduc ed on Minute Report Page No.	Witness / Entity	Description
	А	1		Agenda
	В	1		Attendance Roster
S.B. 303	С	3	Andrew MacKay/Nevada Franchised Auto Dealers Association	Proposed Amendment
S.B. 303	D	3	Andrew MacKay/ Nevada Franchised Auto Dealers Association	State Statutes Map
S.B. 349	Е	6	Rafael Arroyo/ Registration Services Association of Nevada	Statement in Support
S.B. 349	F	6	Rafael Arroyo/ Registration Services Association of Nevada	Proposed Amendment
S.B. 40	G	11	Kristin Rositer	Work Session Documents
S.B. 66	Н	12	Kristin Rossiter	Work Session Documents
S.B. 85	I	12	Kristin Rossiter	Work Session Documents
S.B. 107	J	13	Kristin Rossiter	Work Session Documents
S.B. 257	K	13	Kristin Rossiter	Work Session Documents
S.B. 346	L	14	Kristin Rossiter	Work Session Documents