PUBLIC SAFETY, NATURAL RESOURCES, AND TRANSPORTATION JOINT SUBCOMMITTEE
CLOSING LIST #5
April 23, 2025

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Account: 201 - 4744

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
GENERAL FUND				7,216		7,561	4.78
HIGHWAY FUND	2,505,867	2,665,884	6.39	4,267,506	60.08	4,434,313	3.91
INTERIM FINANCE		244,157					
OTHER FUND	10,200	10,200		10,200		10,200	
INTERAGENCY TRANSFER	2,883,022	3,091,540	7.23	3,536,560	14.39	3,796,000	7.34
BALANCE FORWARD	52,829	13,935	(73.62)				
REVERSIONS	(31,834)						
Total Revenues	5,420,084	6,025,716	11.17	7,821,482	29.80	8,248,074	5.45
Total FTE		20.00		24.00		24.00	

Overview

The Director's Office is responsible for the general administration of the Department of Motor Vehicles (DMV) and oversees seven divisions, including Administrative Services, Field Services, Central Services, Compliance Enforcement, Motor Carrier, Research and Project Management, and Motor Vehicles Information Technology (Automation). The Director's Office has statutory authority to direct and supervise all administrative and technical activities, to adopt regulations as necessary for its operation, subject to approval by the Legislative Commission, and to enforce the laws it administers. Through its Public Information Office, the Director's Office is responsible for media inquiries and increased public awareness of new regulatory requirements, traffic laws, or program changes. The Director's Office also directs the work of professional and technical staff for training, recruitment and selection of employees, safety programs, internal employee relations, and liaison with other state agencies through its personnel section.

Major Closing Issues

1. Departmentwide Reorganization
2. New Chief Data Officer Position
3. Continuation of the Language Access Plan

Discussion of Major Closing Issues

1. Departmentwide Reorganization (BA 4744 [E901, E909], BA 4716 [E909], BA 4745 [E900, E901, E902], BA 4740 [E902], BA 4741 [E900, E902, E903], BA 4735 [E225, E805, E901, E903], BA 4717 [E900, E901, E902], BA 4742 [E900], DMV-20-21, 26, 44-45, 52, 65-67, 84-87, 92-94 & 98)

Recommendation: The Governor recommends a departmentwide reorganization to improve customer service and operational efficiency, resulting in Highway Fund reductions of $76,689 and reductions of $1.2 million in other fee revenue over the 2025-27 Biennium.

Summary of Issue: To reorganize the DMV, the Governor recommends the transfer of 163 positions among DMV budget accounts, the reclassification of 4 positions, and the elimination of 9 transferred positions (4 of which are vacant with the remaining 5 individuals recommended to be transferred to other positions). The department indicates the reorganization would improve efficiency and customer service and would combine all customer-facing divisions, including credentials, vehicles, and commercial licensing, to align related activities into organizational units responsible for those duties. The reorganization would facilitate staff serving customers through both online and in-person transactions.

Details Provided During the Subcommittee Hearing: The recommended reorganization is in response to the DMV's ongoing Department Transformation Effort project which aims to implement a cloud-based solution and increase transactions available online. The department indicates the reorganization would, in part, eliminate the number of DMV staff a customer would need to interact with to complete a transaction, along with combining activities into organizational units to better serve customers more efficiently. The Governor recommends the transfer of 163 positions among DMV budget accounts, the reclassification of 4 positions, and the elimination of 9 transferred positions, 4 of which are vacant, as detailed in the following table:

DMV Departmentwide Reorganization Recommended in The Executive Budget			
Transferred Positions			
Transfer To Budget Account	**Position Title**	**FTE**	**Transfer From Budget Account**
Administrative Services Division	Administrative Assistant	1	Central Services Division
Administrative Services Division	DMV Services Supervisor	1	Central Services Division
Administrative Services Division	DMV Services Technician	6	Central Services Division
Administrative Services Division	Administrative Assistant	1	Motor Carrier Division
Administrative Services Division	Revenue Officer	5	Motor Carrier Division
Research and Project Management[1]	DMV Services Technician	19	Central Services Division
Director's Office	Auditor	2	Administrative Services Division
Director's Office	Master IT Professional	1	Department Transformation Effort
Field Services Division	Administrative Assistant	3	Central Services Division
Field Services Division	Division Administrator	1	Central Services Division
Field Services Division	DMV Services Manager	4	Central Services Division
Field Services Division	DMV Services Supervisor	3	Central Services Division
Field Services Division	DMV Services Technician	75	Central Services Division
Field Services Division	Management Analyst	1	Central Services Division
Field Services Division	Microfilm/Scanner Operator	16	Central Services Division
Motor Carrier Division	DMV Services Technician	6	Field Services Division
Motor Carrier Division[2]	DMV Services Manager	1	Compliance Enforcement Division
Motor Carrier Division[2]	DMV Services Supervisor	2	Compliance Enforcement Division
Motor Carrier Division[2]	DMV Services Technician	15	Compliance Enforcement Division
	Total Transferred Positions	163	
Reclassified Positions			
Budget Account	**Current Position Title**	**FTE**	**New Reclassified Position Title**
Field Services Division	DMV Services Technician IV	4	DMV Services Supervisor
	Total Reclassified Positions	4	
Position Eliminations			
Budget Account	**Position Title**	**FTE**	**Grade**
Field Services Division	Microfilm Operator II	8	23
Field Services Division	Microfilm Operator IV	1	25
	Total Position Eliminations	9	

[1]The DMV indicated the 19 DMV Services Technician positions should be transferred to the Field Services Division budget account, not the Research and Project Management budget account. Fiscal staff will work with the department and the Governor's Finance Office to ensure decision units transfer positions appropriately.

[2]The DMV indicated it will request to withdraw the recommendation to transfer 18 positions from the Compliance Enforcement Division to the Motor Carrier Division, as the enhancement decision unit is not needed. Fiscal staff will work with the department and the Governor's Finance Office to ensure decision units transfer positions appropriately.

The DMV indicates its departmentwide reorganization would improve operational efficiency and service delivery by aligning its structure with updated technology resulting from the continued Department Transformation Effort project and streamlined business processes. The merger of the existing

Central Services and Records and Field Services Divisions into a single Customer Services Division would consolidate related functions to enhance decision-making, reduce inefficiencies, and provide better service to customers, while supporting the DMV's long-term goals and adapting to evolving service demands.

During the budget hearing, on February 20, 2025, the DMV testified the anticipated benefits of the departmentwide reorganization is combining staff from the customer-facing divisions, with the goal of breaking down silos and reducing inconsistencies in the information shared with the public, leading to more efficient business processes and customer service. This reorganization aims to minimize customer touchpoints, allowing for a more streamlined approach to service and eliminating the need for customers to interact with multiple specialists to complete their transactions. Additionally, there are currently inconsistencies in how bad debt collections are handled across divisions such as Administrative Services and Motor Carrier. Consolidating these functions into a single division will support business process improvements and reduce confusion for the customers being served.

Nevada Revised Statutes 481.0473 establishes the various divisions within the DMV, including the Divisions of Field Services and Central Services and Records. Accordingly, it appears statutory changes are needed to reflect the recommended reorganization, including at least the establishment of a Customer Services Division. During the budget hearing on February 20, 2025, the DMV indicated it had submitted a bill draft request that would rename the Division of Field Services to the Division of Customer Services, eliminate the Division of Central Services and Records, and rename the Administrative Serves Division to the Fiscal Operations Division.

Some of the DMV's budget accounts are funded in part with cost allocation revenue from its fee-funded budget accounts, which prevents the Highway Fund from being utilized to support activity that should be supported with fees. These cost allocations may be based on the actual salary costs for a division, or the ratio of employees supervised between a Highway Funded budget account and a fee-funded budget account. However, The Executive Budget does not appear to reflect any revisions to the DMV cost allocations based on the reorganization.

During the budget hearing, on February 20, 2025, the DMV indicated the recommended reorganization does not impact the DMV's existing cost allocations. Cost allocations are primarily based on staff costs, and while some staff are being reorganized or reassigned, the fee-funded budget staff remain unchanged and will continue reporting to their current supervisors. Although certain positions are being moved from one budget account to another, the underlying cost allocation methodology remains the same.

The net departmentwide fiscal impact of the recommended reorganization, inclusive of four position reclassifications, and nine position eliminations, is an overall funding reduction in Highway Fund appropriations of $76,689 and reductions of $1.2 million in other fee revenue over the 2025-27 Biennium. However, Highway Fund appropriations are the final funding source for these budget accounts, and the State of Nevada should not lose revenue due to the departmentwide reorganization, therefore Fiscal staff recommends technical adjustments for applicable decision units to ensure the decision units are funded appropriately to align savings with appropriate funding sources and reconcile any imbalances in the corresponding transfers and revenue adjustments.

The following outlines the units and functions that would be created from the departmentwide reorganization, with corresponding decision points for the Subcommittee to consider:

Customer Services Division: The transfer of 103 positions from the Central Services budget account to the Field Services budget account is recommended to create this division (**BA 4735 [E903], BA 4741 [E903]**). The positions would remain in Carson City and would merge into a single Customer Services Division that would include a total of 831 positions (inclusive of Decision Unit E901 discussed later in this closing document). Cross training would occur to allow DMV staff to assist customers across all service channels, including web, portal, and DMV field offices. Central Services Division staff, who currently work in the back office, would be available to assist in field offices to increase the number of personnel available for appointments and walk-ins. However, this additional staff support would be limited to the Carson City and surrounding area's field offices, with assistance to rural or Las Vegas field offices limited based on staff travel availability and budget authority. This reorganization would also support the Department Transformation Effort project by enhancing service efficiency and accessibility across all service models as new transactions are made available through the project. If approved, Fiscal staff recommends a technical adjustment to align these decision units with the DMV's updated revenue projections.

The recommended reclassification of four DMV Services Technician positions to DMV Services Supervisor positions would align the job duties and responsibilities to include supervising at least ten DMV Services Technician positions, managing staff and daily operations, fund handling, training and performance monitoring, assistance with complex transactions, budget needs, and customer issue resolution (**BA 4735 [E805]**). However, The Executive Budget includes increases in Motor Vehicle Governmental Services Tax Commissions and Penalties revenue. Fiscal staff recommends a technical adjustment to decrease Motor Vehicle Governmental Services Tax Commissions revenue of $34,849, and Penalties revenue of $19,363 and increase Highway Fund appropriations by $54,212 over the 2025-27 Biennium.

The reduced need for scanning documents, due to the transition of DMV transactions online, would allow for the elimination of nine Microfilm/Scanner Operator positions. The duties would be absorbed by DMV Services Technician positions across various program areas within the new Customer Services Division **(BA 4735 [E225])**. The DMV would continue to have seven Microfilm/Scanner Operator positions after the elimination of these positions. However, The Executive Budget includes reductions in Motor Vehicle Governmental Services Tax Commissions and Penalties revenue. If approved, Fiscal staff recommends a technical adjustment to decrease Motor Vehicle Governmental Services Tax Commissions revenue savings of $919,113, and Penalties revenue savings of $332,950 and increase Highway Fund savings by $1.3 million over the 2025-27 Biennium.

During the budget hearing on February 20, 2025, the DMV testified it anticipates cross-training back-office staff in field office operations to enhance service delivery, particularly in the state's population centers. The DMV's Field Services Division has a six-week training program, which includes several weeks of classroom instruction followed by training with experienced staff. The plan would be to transition back-office employees through this same program, with updates to the content to incorporate relevant back-office functions. This would also allow frontline staff to better assist with certain back-office tasks. The DMV does not anticipate the need for additional funding, as it would utilize its existing, well-established training program.

Although some positions are being eliminated as part of the reorganization, the DMV recommends retaining seven Microfilm/Scanner Operator positions due to ongoing needs tied to the Department Transformation Effort. The job title "Microfilm/Scanner Operator" is outdated, as the primary function of these roles is scanning, not microfilming. The DMV initially proposed eliminating several of these positions, anticipating that modernization and increased electronic processing would reduce the demand for scanning. However, scanning remains a necessary function. Retaining a smaller number of these positions would ensure continuity while allowing the department to gradually distribute scanning responsibilities across other roles as the department evolves. According to the department, the current job titles will be reviewed and updated as part of the upcoming statewide classification and compensation study. The revised classifications will more accurately reflect the actual duties, with a greater emphasis on scanning and customer service functions. The DMV anticipates that these roles will evolve to align more closely with broader customer care responsibilities, as staff are increasingly engaged in serving the public beyond traditional scanning tasks. No additional units are being eliminated as a result of the reorganization.

The department indicated that the Central Services Division Administrator position would be transferred to the newly created Customer Services Division, where it would serve as Deputy Administrator. There would be no salary adjustment, as the current salary for this position is equivalent to that of the existing Field Services Deputy Administrator; the change would be limited to a title update to Deputy Administrator.

Decision for the Subcommittee:
Does the Subcommittee wish to:

A. Recommend approval of the Governor's recommendation to transfer 103 total positions from the Central Services budget account (BA 4741) to the Field Services budget account (BA 4735) and associated revenues inclusive of the noted technical adjustment to align revenues with projections over the 2025-27 Biennium, as part of the departmentwide reorganization in Decision Unit E903 for the Central Services budget account and the Field Services budget account, contingent upon passage and approval of S.B. 455, or other enabling legislation?

AND

B. Recommend approval of the Governor's recommendation to reclassify four DMV Services Technicians to DMV Services Supervisors in the Field Services budget account (BA 4735), and the noted technical adjustments, for total Highway Fund appropriations of $58,861 over the 2025-27 Biennium, as part of the departmentwide reorganization in Decision Unit E805 for the Field Services budget account, contingent upon passage and approval of S.B. 455, or other enabling legislation?

AND

C. Recommend approval of the Governor's recommendation to eliminate nine Microfilm/Scanner Operator positions in the Field Services budget account (BA 4735), and the noted technical adjustments, for total Highway Fund reductions of $1.3 million over the 2025-27 Biennium, as part of the departmentwide reorganization, recommended in Decision Unit E225 for the Field Services budget account?

Fiscal staff requests authority to enter technical adjustments, as necessary.

Business Unit**:** The recommended transfer of six DMV Services Technician positions from the Field Services Division to the Motor Carrier Division would realign business processes to create a new Business Unit (**BA 4717 [E901], B 4735 [E901]**). This realignment would consolidate business transactions related to fleet services, registrations, and lessors to streamline customer interactions for improved efficiency and effectiveness. The new Business Unit would allow businesses with multiple fleet types to work with a single unit to streamline processes and enhance customer service.

The Executive Budget also recommended the transfer of an additional 18 positions from the Compliance Enforcement Division to the Motor Carrier Division, as the transfers are not necessary (**BA 4717 [E902], BA 4740 [E902]**). However, on February 28, 2025, the Governor's Finance Office submitted Budget Amendment A252984717 and Budget Amendment A252774740, which withdraws the recommendation to transfer positions from the Compliance Enforcement budget account.

During the budget hearing on February 20, 2025, the DMV testified that the transfer of 18 positions from the Compliance Enforcement Division budget account to the Motor Carrier Division budget account is not necessary. The DMV initially considered the transfer because these employees primarily serve commercial business customers, aligning them more closely with the Motor Carrier Division. However, further evaluation revealed that Compliance Enforcement investigators perform sensitive background checks that could be hindered by the change. Separating these functions helps preserve the efficiency of existing processes. While this integration may be revisited in the future, the current focus is on improving services, rather than disrupting them. Instead, the DMV is establishing a new Business Unit within the Motor Carrier Division to better support commercial and business customers, whose needs differ from those of individual customers. While there is often overlap in the customer base, having them interact with multiple divisions has created inefficiencies and inconsistent service. By consolidating these efforts under a unified structure, the DMV can align strategic goals and deliver more streamlined, responsive service to this customer segment.

Decision for the Subcommittee:
Does the Subcommittee wish to:

A. Recommend approval of the Governor's recommendation to transfer 6 DMV Services Technician positions from the Field Services Division budget account (BA 4735) to the Motor Carrier Division budget account (BA 4717) and associated revenues over the 2025-27 Biennium, as part of the departmentwide reorganization in Decision Unit E901 in the Field Services Division budget account and the Motor Carrier Division budget account?

AND

B. Not recommend approval of Decision Unit E902 and the transfer of 18 positions from the Compliance Enforcement budget account to the Motor Carrier Division budget account as recommended in Budget Amendment A252984717 and Budget Amendment A252774740?

Fiscal staff requests authority to enter technical adjustments, as necessary.

Call Center: The Governor recommends the transfer of 19 DMV Services Technician positions from the Central Services Division to the Research and Project Management Division associated with a call center (**BA 4742 [E900], BA 4741 [E900]**). However, the DMV indicates that 9 of the DMV Services Technicians should be transferred to the Field Services Division budget account rather than the Research and Project Management budget account, leaving 10 positions transferred to the Research and Project Management budget account. The DMV indicates this recommendation would consolidate call center staff to assist customers in a consistent manner. The DMV indicates, if approved, the call center would consist of 10 of the transferred positions in the Research and Project Management budget account, and the other 9 positions would be assigned to standard back-office processes in the Field Services budget account. Call center staff assist customers via phone, email, and the DMV website by providing information on DMV services or directing them to the appropriate staff.

During the budget hearing on February 20, 2025, the DMV testified the department considered its current and future workload when determining the staffing level recommended for its call center and back-office processes. While the DMV already operates a call center and expects call volumes to remain relatively stable, the modernization effort aims to expand customer service channels. These positions would not be limited to traditional phone support but would also handle web chat, email, and other digital communications. Staff would manage and maintain the website's chat functionality, allowing customers to quickly get answers through automated responses, enhancing overall accessibility and service delivery.

Transfer of Nine DMV Services Technician Positions (Budget Amendment A253534742 and Budget Amendment A253564735): On March 6, 2025, the Governor's Finance Office submitted Budget Amendment A253534742 and Budget Amendment A253564735, which recommends the transfer of nine DMV Services Technician positions from the Research and Project Management budget account (BA 4742) to the Field Services Division budget account (BA 4735), leaving ten positions transferred to the Research and Project Management budget account and associated revenue as part of the departmentwide reorganization.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval to transfer 19 DMV Services Technician positions from the Central Services budget account, with the transfer of 10 to the to the Research and Project Management budget account, and the transfer of 9 to the Field Services Division budget account, and associated revenue over the 2025-27 Biennium, revised by Budget Amendment A253534742 and Budget Amendment A253564735, as part of the departmentwide reorganization, contingent upon passage and approval of S.B. 455, or other enabling legislation?

Fiscal staff requests authority to enter technical adjustments, as necessary.

Internal Audit: The transfer of two Auditor positions from the Administrative Services Division budget account to the Director's Office budget account would enhance audit independence and remove a supervisory layer as they would report directly to the DMV Director (**BA 4744 [E901], BA 4745 [E901]**). According to the department, internal audit is responsible for auditing all DMV divisions, including the Administrative Services Division where the Administrator currently supervises the team. By moving the team to the Director's Office, the agency indicates this would remove potential accountability conflicts within the Administrative Services Division and would help improve independence in auditing all divisions.

Information Security Team: According to the department, the transfer of one Master IT Professional from the Department Transformation Effort budget account to the Director's Office would align senior IT security leadership within the Director's Office for transparency, direct communication, and coordination with the Information Security Team (**BA 4744 [E909], BA 4716 [E909]**).

During the budget hearing on February 20, 2025, the DMV indicated that transferring this position to the Director's Office would better align the reporting structure with agency leadership. As the department's security footprint continues to grow with ongoing IT system enhancements, centralized oversight and continuous risk assessment are critical. Placing the Master IT Professional within the Director's Office, alongside the current Information Security Officer who oversees the legacy environment, would promote consistency and foster a unified approach to data security. Given the volume and sensitivity of DMV data, maintaining a strong and coordinated cybersecurity posture is a top priority. Additionally, IT security functions are currently somewhat siloed and fragmented, with personnel lacking a clear chain of command and direct access to leadership. By centralizing IT security staff in the Director's Office, the department ensures improved coordination, clearer communication, and direct reporting of any security issues, risks, or mitigations to the Director. This structure strengthens accountability and better supports a comprehensive, agencywide IT security strategy.

<u>Decision for the Subcommittee</u>:

A. Does the Subcommittee wish to recommend approval of the Governor's recommendation to transfer two Auditor positions from the Administrative Services Division budget account (BA 4745) to the Director's Office budget account (BA 4744) and associated revenues as part of the departmentwide reorganization in Decision Units E901 for the Administrative Services Division budget account and the Director's Office budget account?

<u>AND</u>

B. Does the Subcommittee wish to recommend approval of the Governor's recommendation to transfer one Master IT Professional position from the Automation budget account (BA 4716) to the Director's Office budget account (BA 4744) and associated revenues over the 2025-27 Biennium, as part of the departmentwide reorganization in Decision Units E909 for the Automation budget account and the Director's Office budget account?

Fiscal staff requests authority to enter technical adjustments, as necessary.

<u>Mail Room</u>: The eight positions (six DMV Services Technicians, one DMV Services Supervisor, and one Administrative Assistant) transferred from the Central Services Division to the Administrative Services Division would remain in Carson City, consolidate mailroom teams, and increase mailroom staff to ten total positions (**BA 4745 [E902], BA 4741 [E902]**). Both division mailrooms handle mail processing, sorting, and distribution of mail. However, while Administrative Services Division staff specialize in processing outgoing mail and delivering all mail to DMV divisions, other agencies, and the post office, the Central Services Division staff specializes in receiving, recording, tracking and verifying total revenue received. The department indicates combining mailrooms would allow for cross training to ensure staff coverage during staff leave and vacancies. The DMV further indicates the Department Transformation Effort project will streamline processes, allowing the mailroom staff to take on more responsibilities as physical mail volume decreases.

<u>During the budget hearing</u> on February 20, 2025, the DMV testified as the Department Transformation Effort is implemented, the volume of physical mail is expected to decrease due to increased use of digital document submissions. However, there will continue to be a need for handling physical mail. The mailroom staff being transferred to the Administrative Services Division would also manage critical functions such as processing incoming payments, which remain essential. While the nature of the work may evolve, the services provided by these positions will still be required, and the department anticipates an ongoing need for this staff.

<u>Decision for the Subcommittee</u>:
Does the Subcommittee wish to recommend approval of the Governor's recommendation to transfer one Administrative Assistant position, one DMV Services Supervisor position, and six DMV Services Technician positions from the Central Services budget account (BA 4741) to the Administrative Services budget account (BA 4745) and associated revenues over the 2025-27 Biennium, as part of the departmentwide reorganization in Decision Units E902 for the Central Services budget account and the Administrative Services budget account, contingent upon passage and approval of S.B. 455, or other enabling legislation, and provide Fiscal staff authority to enter technical adjustments, as necessary?

<u>Revenue Recovery Unit</u>: The 6 positions (5 Revenue Officers and 1 Administrative Assistant) transferred from the Motor Carrier Division to the Administrative Services Division would remain in Carson City and consolidate revenue recovery efforts (**BA 4745 [E900], BA 4717 [E900]**). The department indicates the transfer would consolidate similar functions and ensure consistency in processes in collection efforts for

past due taxes, registration fees, and administrative fines. The consolidation would also allow for better workload management by cross training employees for backup support. The current revenue team consists of 26 staff across the state and the recommendation would bring the total to 32 total revenue staff.

<u>Decision for the Subcommittee</u>:
Does the Subcommittee wish to recommend approval of the Governor's recommendation to transfer one Administrative Assistant position and five Revenue Officer positions from the Motor Carrier Division budget account (BA 4717) to the Administrative Services Division budget account (BA 4745), and associated revenues over the 2025-27 Biennium, as part of the departmentwide reorganization in Decision Units E900 for the Motor Carrier Division budget account and the Administrative Services Division budget account, and provide Fiscal staff with authority to enter technical adjustments, as necessary?

<u>Budget Amendments for the Reclassifications to DMV Services Technician Positions</u>:
During the hearing, the department indicated that the classification and compensation study conducted by the Division of Human Resource Management is expected to be implemented and should help address issues related to staff turnover and the loss of employees to other state agencies. The study is also anticipated to resolve existing compensation disparities and improve retention and would create standardized Customer Care Specialist positions across the state, aligning them with equivalent roles in other state agencies. This alignment is intended to improve internal consistency and make DMV positions more competitive, particularly to assist in retaining staff who are often recruited by other departments. <u>The Executive Budget</u> does not contain recommendations or funding to implement changes related to the classification and compensation study. However, the Governor's Finance Office submitted budget amendments for the reclassification of certain staff to DMV Services Technician 3 positions. The DMV indicates the reclassification is part of the departmentwide reorganization to align staff classifications recommended within the proposed newly reorganized Customer Services Division and to ensure pay parity for personnel with similar duties.

The DMV Services Technician 3 classification is distinguished by the breadth and complexity of tasks, continuous face-to-face customer interaction, and the advanced problem-solving and communication skills required to interpret and explain laws, regulations, and policies. In contrast, DMV Services Technician 2 positions are typically assigned narrowly focused duties related to one or more specific components of the registration or licensing process, such as titling, records maintenance, insurance verification, mail renewals, and license review. These roles are generally more procedural, involve less direct customer interaction, and do not require the same level of problem-solving or breadth of knowledge. Additionally, some DMV Services Technician 2 positions are permanently assigned at this level, with no automatic progression to DMV Services Technician 3.

DMV Services Technician 3 positions within the proposed Customer Services Division are expected to spend the majority of their time directly assisting customers at a counter or window and handling a wide variety of transactions. These include standard driver license and registration services, vehicle ownership transfers, issuing duplicate credentials, processing address changes, helping new residents obtain credentials, administering written and vision tests, fingerprinting, and handling occupational business licensing. However, the recommended transfer of staff from the current Central Services Division to the Field Services Division, proposed to be the newly named Customer Services Division as part of the departmentwide reorganization, does not in itself justify reclassification of staff within the newly named Customer Services Division to DMV Services Technician 3 positions. A change in division name or organizational structure, without a corresponding and clearly demonstrated expansion of duties and responsibilities, is not sufficient to warrant a higher classification. The documentation provided does not demonstrate that the Records Search, Verification of Insurance, Mail Room section, and Microfilm/Scanner Operator positions would take on the greater complexity, customer interaction, or broad transaction knowledge that defines DMV Services

Technician 3 roles within the department. Therefore, in the absence of clear evidence that these positions would take on responsibilities consistent with the DMV Services Technician 3 level, the justification for reclassification may not be supported. However, it should be noted, if the reclassifications discussed below are approved, the Legislature would be providing the appropriation or authority to fund these reclassifications. However, the Division of Human Resource Management is ultimately responsible for making the determination on whether a position's actual duties align with the classifications recommended by the Governor in these budget amendments.

Reclassification of 13 DMV Services Technician Positions in the Records Search budget account (BA 4711; Budget Amendment A256174711): On March 28, 2025, the Governor's Finance Office submitted Budget Amendment A256174711, which recommends Records Search Fee revenue of $69,956 in FY 2026 and $72,154 in FY 2027 to fund the reclassification of 13 DMV Services Technician 2 positions to DMV Services Technician 3 positions through the creation of Decision Unit E812.

The department submitted documentation outlining updated duties for the Records Search section staff. However, the DMV had not previously indicated that the duties of Records Search section staff would significantly change as a result of the reorganization. Although documentation includes additional responsibilities, such as a general statement that states "technicians should have enough knowledge about DMV processes to be able to pick up and assist all other units, upon request." This explanation does not include sufficient detail to support a reclassification since these staff currently focus exclusively on narrowly focused duties and are defined by specific procedures and requirements such as records maintenance. The inclusion of expanded duties in the reclassification documentation appears to be a recent development and was not previously identified as part of the reorganization, making it unclear whether these changes accurately reflect the actual scope of work to be performed, and whether their roles would expand to match the broader scope required of DMV Services Technician 3 positions.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of Budget Amendment A256174711 that recommends Records Search Fee revenue of $69,956 in FY 2026 and $72,154 in FY 2027 to fund the reclassification of 13 DMV Services Technician 2 positions to DMV Services Technician 3 positions, and provide Fiscal staff with authority to enter technical adjustments, as necessary?

Reclassification of 18 DMV Services Technician Positions in the Verification of Insurance budget account (BA 4731; Budget Amendment A256104731): On March 31, 2025, the Governor's Finance Office submitted Budget Amendment A256104731, which recommends Vehicle Reinstatement Registration Fee revenue of $97,470 in FY 2026 and $102,285 in FY 2027 to fund the reclassification of 18 DMV Services Technician 2 positions to DMV Services Technician 3 positions through the creation of Decision Unit E812. However, the calculations were based on incorrect salary step data for the current DMV Services Technician 2 positions, resulting in incorrect funding amounts. If approved, Fiscal staff requests authority to enter a technical adjustment to decrease Personnel expenses and decrease Highway Fund appropriations by $13,425 over the 2025-27 Biennium.

The department submitted documentation outlining updated duties for the Verification of Insurance section staff. However, it had not previously indicated that the duties of Verification of Insurance staff would significantly change as a result of the reorganization. Although documentation includes additional responsibilities, such as a general statement that states "technicians should have enough knowledge about DMV processes to be able to pick up and assist all other units, upon request." This explanation does not include sufficient detail to support a reclassification since these staff currently focus exclusively on narrowly focused duties and are defined by specific procedures and requirements, such as insurance verification, titling, special plates, scanning duties, registration and driver license renewal by mail, license review and financial responsibility, and application and forms review. The inclusion of expanded duties in the reclassification documentation appears to be a recent development and was not previously identified as part of the reorganization, making it unclear whether these changes accurately reflect the actual scope of work to be performed, and whether their roles would expand to match the broader scope required of DMV Services Technician 3 positions.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of Budget Amendment A256104731 that recommends Vehicle Reinstatement Registration Fee revenue of $97,470 in FY 2026 and $102,285 in FY 2027 to fund the reclassification of 18 DMV Services Technician 2 positions to DMV Services Technician 3 positions, with authority to enter the noted technical adjustment, and provide Fiscal staff with authority to enter technical adjustments, as necessary?

Reclassification of 82 DMV Services Technician Positions in the Field Services Budget Account (BA 4735; Budget Amendment A256114735): On March 31, 2025, the Governor's Finance Office submitted Budget Amendment A256114735, which recommends Highway Fund appropriations of $875,135, and Other Fee revenue of $65,356 over the 2025-27 Biennium to fund the reclassification of 7 Microfilm/Scanner Operator 2 positions, and 76 DMV Services Technician 2 positions to DMV Services Technician 3 positions through newly created Decision Units E812 and E813. However, the calculations were incorrect resulting in incorrect Highway Fund appropriation amounts. If approved, Fiscal staff requests authority to enter a technical adjustment to decrease Personnel expenses and decrease Highway Fund appropriations by $12,840 over the 2025-27 Biennium, and other necessary technical adjustments.

The department submitted documentation outlining updated duties for the Microfilm/Scanner Operator positions in Decision Unit E812. However, the DMV had not previously indicated that these duties would significantly change as a result of the reorganization. Although documentation includes additional responsibilities, such as a general statement that states "technicians should have enough knowledge about DMV processes to be able to pick up and assist all other units, upon request." This explanation does not include sufficient detail to support a reclassification since these staff currently focus exclusively on narrowly focused duties and are defined by specific procedures and requirements, such as titling, special plates, scanning duties, registration and driver's license renewal by mail, and license review and financial responsibility. The inclusion of expanded duties in the reclassification documentation appears to be a recent development and was not previously identified as part of the reorganization, making it unclear whether these changes accurately reflect the actual scope of work to be performed, and whether their roles would expand to match the broader scope required of DMV Services Technician 3 positions.

The department also submitted documentation outlining updated duties for the DMV Services Technician 2 positions in Decision Units E812 and E813. The DMV has indicated the reorganization would merge its two customer-facing divisions into a single Customer Services Division. Additionally, the DMV previously indicated that these duties would significantly change as a result of the reorganization by cross-training back office staff to assist all customers, regardless of channel. It appears the proposed duties would expand to match the broader scope required of DMV Services Technician 3 positions.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of Budget Amendment A256114735 that recommends Highway Fund appropriations of $875,135, and Other Fee revenue of $65,356 over the 2025-27 Biennium to fund the reclassification of 7 Microfilm/Scanner Operator 2 positions, and 76 DMV Services Technician 2 positions to DMV Services Technician 3 positions, with authority to enter a technical adjustment to decrease Personnel expenses and decrease Highway Fund appropriations by $12,840 over the 2025-27 Biennium, and other necessary technical adjustments as necessary?

Reclassification of Six DMV Services Technician Positions in the Administrative Services Division Budget Account (BA 4745; Budget Amendment A256214745): On March 22, 2025, the Governor's Finance Office submitted Budget Amendment A256214745, which recommends Highway Fund appropriations of $12,912 in FY 2026 and $13,592 in FY 2027 and vehicle report of sale fee (Title Processing fee) revenue of $38,739 in FY 2026 and $40,781 in FY 2027 to fund the reclassification of 5 DMV Services Technician 1 positions and 1 DMV Services Technician 2 position to DMV Services Technician 3 positions (included in transfer Decision Unit E902 [BA 4745]).

The department submitted documentation outlining updated duties for the Mail Room staff. However, the DMV had not previously indicated that these duties would significantly change as a result of the reorganization. Although documentation includes additional responsibilities, such as a general statement that states "technicians should have enough knowledge about DMV processes to be able to pick up and assist all other units, upon request." This explanation does not include sufficient detail to support a reclassification, particularly since these staff currently focus exclusively on narrowly focused duties and are defined by specific procedures and requirements, such cash drawer financial responsibility, and other mailroom revenue duties. The inclusion of expanded duties in the reclassification documentation appears to be a recent development and was not previously identified as part of the reorganization, making it unclear whether these changes accurately reflect the actual scope of work to be performed, and whether their roles would expand to match the broader scope required of DMV Services Technician 3 positions.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of Budget Amendment A256214745, which recommends Highway Fund appropriations of $12,912 in FY 2026 and $13,592 in FY 2027 and vehicle report of sale fee (Title Processing fee) revenue of $38,739 in FY 2026 and $40,781 in FY 2027 to fund the reclassification of 5 DMV Services Technician 1 positions and 1 DMV Services Technician 2 position to DMV Services Technician 3, and provide Fiscal staff with authority to enter technical adjustments, as necessary?

2. New Chief Data Officer Position (E300, DMV-17)

Recommendation: The Governor recommends a total of $506,984 in cost allocation reimbursement revenue over the 2025-27 Biennium to fund one new unclassified Chief Data Officer position (annual salary of $138,385) and associated operating expenditures to manage the department's data strategy.

Summary of Issue: The DMV indicates the new Chief Data Officer position would be located in Carson City and would oversee the DMV's Records Section and guide data strategy.

Details Provided During the Subcommittee Hearing: Currently, a DMV Services Supervisor position oversees the Records Section. According to the department, the new position would oversee the Records Section staff, which handles the majority of records inquiries, while also leading the development of the department's data governance strategy. The position would be responsible for all data-related decisions across work areas to ensure operational continuity, maximize data effectiveness, and ensure customer data protection and privacy. Additionally, the new position would implement department data security protection for department systems through data security policies to protect sensitive and confidential information against security breaches and cyber threats and monitor security trends.

The new Chief Data Officer position would lead the DMV's data strategy and collaborate across the department, and with internal and external stakeholders to ensure the DMV's business, operations, and strategic direction are data-driven. The position would facilitate direct communication and decision-making with both department leadership and the security team; lead the department's data strategy by optimizing business tasks from the Department Transformation Effort project; guide the system design for enhanced reporting; and develop performance metrics to ensure compliance with policies, security, and operational efficiency. However, the Director's Office currently has an IT Professional 4 position who is an Information Security Officer for the department, tests and advises on security, and is part of the department's information security team.

Fiscal staff notes that an associated enhancement decision unit for the transfer of Records Search Charge revenue for the Chief Data Officer position is included in the Records Search budget account, with the main discussion on the Chief Data Officer position included in this document. However, the decision units do not align. Fiscal staff recommends authority to enter technical adjustments to reconcile any imbalances in the corresponding transfers and revenue adjustments. Fiscal staff also notes, after funding the Records Search budget account expenditures and reserve amount of $50,000, the remaining Records Search revenue is distributed evenly to the Central Services budget account and the Automation budget account, thereby reducing the DMV's reliance on Highway Fund appropriations. However, the Governor's recommendation for the new Chief Data Officer position would reduce funding available for those transfers and result in the need for additional Highway Fund appropriations. Consequently, the new Chief Data Officer position would require additional Highway Fund appropriations and a new cost allocation being created, which is more complex than directly funding the new Data Officer positions with Highway Fund appropriations. Therefore, it is unclear to Fiscal staff why the new position is not requested to be funded with Highway Fund appropriations.

Hearing Discussion and Post-Hearing Update/Information: During the department's budget hearing on February 20, 2025, the department indicated the duties of the new Chief Data Officer position differ from those of the current Information Security Officer (IT Professional 4) in the Director's Office. While there will be some overlap in security responsibilities, and collaboration between the two positions is important, the primary distinction lies in their focus areas. The Chief Data Officer will concentrate on how the DMV collects, stores, disseminates, and governs data. This includes evaluating whether data should be shared and determining the appropriate methods for delivering information. The department frequently receives data requests, and the Chief Data Officer would play a critical role in developing strategies and best practices that ensure data is handled securely and appropriately. In contrast, the Information Security Officer focuses more on how data is transported and stored, the environments in which it resides, and the mitigation of software-related security threats. While the two positions will work closely together, their core responsibilities are distinct.

The department also indicated that funding the new full-time Chief Data Officer position through Records Search Charge revenue accurately reflects the nature of the work performed. As part of a broader reorganization, the Records Section would be under the Chief Data Officer's oversight and report through that line of authority. Although the position will be housed within the Director's Office budget account, its responsibilities will directly support the DMV's Records Section and broader data initiatives. As such, the department determined it was appropriate to fund the position using Records Search Fee revenue and would be consistent with the original intent of the fee, which was established to support the collection and dissemination of data. Additionally, given the current limitation on available Highway Funds, the department chose not to request Highway Fund appropriations for this position. However, any corresponding decrease in Records Search Fee revenue transfers to other using budgets results in increases in Highway Fund appropriations.

<u>Decision for the Subcommittee</u>:
Does the Subcommittee wish to:

A. Recommend approval of the Governor's recommendation for cost allocation revenue of $506,984 over the 2025-27 Biennium for one new unclassified Chief Data Officer position and associated expenditures, with authority for staff to enter technical adjustments to align the transfer amounts?

<u>OR</u>

B. Recommend approval of one new unclassified Chief Data Officer position and associated expenditures, funded with Highway Fund appropriations of $506,984 over the 2025-27 Biennium?

<u>OR</u>

C. Recommend <u>not</u> approving the Governor's recommendation one new unclassified Chief Data Officer position and associated expenditures?

Fiscal staff requests authority to enter technical adjustments, as necessary.

3. Continuation of the Language Access Plan (BASE, E305, DMV-19)

<u>Recommendation</u>: The Governor recommends Highway Fund appropriations of $401,754 over the 2025-27 Biennium to continue funding for the DMV's Language Access Plan and the associated contract for translation services.

<u>Summary of Issue</u>: The DMV indicates the Language Access Plan and the continuation of its Program Officer position, who serves as Coordinator, would ensure services are provided to individuals with limited English language proficiency.

<u>Details Provided During the Subcommittee Hearing</u>: As background information, the Interim Finance Committee (IFC), at its August 15, 2024, meeting, approved an allocation from the IFC Contingency Account of $244,157 in FY 2025 in accordance with Assembly Bill 480 of the 82nd (2023) Legislative Session, for startup costs for the implementation of the department's Language Access Plan. The work program processed, after the allocation was approved, placed all funding in a special use Language Access Plan category, with no personnel expenditures. However, the state's Human Resources Data Warehouse includes a vacant Program Officer position (Grade 35, annual salary costs of $102,581) that was added in August 2024. The DMV indicated the recruitment process for the position has begun, however, the position remains vacant as of the date of this writing.

The DMV indicates this position would be responsible for implementing, coordinating, monitoring, and biennially revising the department's Language Access Plan to ensure requirements pursuant to NRS 232.0081 for effective communication with persons with limited English language proficiency. This position will also act as the federal Title VI Civil Rights Act of 1964, 42 U.S.C. § 2000d et seq. program coordinator by recommending, developing, disseminating, monitoring, and pursuing policies and guidelines on the implementation of and compliance with the Title VI program.

This decision unit includes $1,923 of in-state travel and state printing charges of $68,711 in FY 2026, and contract expenditures of $159,562 in each year of the 2025-27 Biennium, and the DMV indicates it will utilize the state contract with Language Link throughout the department to enable employees to facilitate three-way translation calls with the vendor and customers. This service would be available whether customers call the DMV or visit a field service office in person, to allow communication between customers, DMV Services Technicians, and Language Link interpreters.

Base Budget Position: Information provided by the department indicates the funds approved by the IFC at its August 15, 2024, meeting were used to purchase necessary equipment for the position and program. The Executive Budget includes funding for a Program Officer position within the base budget for this program. However, the position and associated expenditures have not received IFC or legislative approval and should not be included in the base budget. The department has indicated that the position was not included in the original work program submission in error and may seek approval from the IFC to authorize the hiring of this position in FY 2025. However, it is unclear if a work program for such a change would meet the thresholds to require the approval of the IFC. If the IFC approves this position in FY 2025, it would be appropriate to include it in the base budget. However, if the IFC does not approve this position, the money committees should consider whether to approve funding for this position in the 2025-27 Biennium.

Hearing Discussion and Post-Hearing Update/Information: During the department's budget hearing on February 20, 2025, the department indicated the funding for the Language Access Plan was approved by the IFC, and recruitment efforts for a position began. However, the department ultimately decided not to fill the position due to uncertainty around legislative approval for its continuation. Instead, the department utilized funding for contract services and translation equipment, including Pocketalk devices, which have been distributed to all 18 field offices to support real-time language translation. Additionally, contracted services enable live translation for phone and chat interactions through the DMV's back-office systems. The position intended to support the Language Access Plan was initially requested as a Management Analyst 2 but was reclassified by the Division of Human Resource Management as a Program Officer position. The department indicates the position was included in a FY 2025 work program request, but funding was approved in a special use category for contract services, not for salary or position authority, and the position was subsequently included in the base budget for the 2025-27 Biennium. However, the department remains uncertain whether the position was approved for inclusion in the base budget or as part of an enhancement decision unit by the IFC, and whether the funding will be ongoing. Accordingly, recruitment would proceed if both the funding and the position are approved by the 83rd (2025) Legislature. The Program Officer would have ongoing responsibilities, including tracking and reporting the languages used to serve the public, identifying additional language access opportunities, coordinating and providing training, and collaborating with vendor partners. The position would also lead the development of a data collection program to meet reporting requirements and oversee the strategic planning necessary to sustain and enhance DMV's language access services.

The department further specified that over the 2023-24 Interim, the DMV updated its Language Access Plan to meet required standards and submitted it to the Governor's Office for New Americans in August 2024. Contract services through Language Link and Pocketalk translation devices have been implemented to support multilingual communication both in person and through back-office channels. However, without a dedicated Language Access Plan Coordinator, the department has faced challenges in developing a long-term governance strategy, tracking data, and providing staff training. The DMV indicated the position would require less software than anticipated. Accordingly, Fiscal staff recommends a technical adjustment to reduce software costs by $679 in FY 2026 with a corresponding reduction in Highway Fund appropriations.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of the Governor's recommendation of Highway Fund appropriations of $401,754 over the 2025-27 Biennium with the noted technical adjustment to reduce software costs to continue funding for the DMV's Language Access Plan, and the continuation of the Program Officer position added by the department in FY 2025 for a cost of $201,987 over the 2025-27 Biennium, and provide Fiscal staff with the authority to make technical adjustments, as necessary?

Other Closing Items

			FY 2026		FY 2027	
Other Closing Items	**Category**	**Description of Decision Unit**	**General Fund**	**Highway Fund**	**General Fund**	**Highway Fund**
1	POSITION RECLASSIFICATION	Reclassify one Equal Employment Opportunity Officer position (Grade 37) to a Personnel Officer 2 (Grade 38) to align the duties of the position. (E806, DMV-20)	$ -	$ 5,916	$ -	$ 6,075
2	TRAVEL	Director and Deputy Director positions' travel to American Association of Motor Vehicle Administrators regional and international conferences. (E301, DMV-17-18)	$ -	$ 13,305	$ -	$ 9,329
3	IN-STATE TRAVEL	In-state travel for human resource trainings. (E304, DMV-18-19)	$ -	$ 7,073	$ -	$ 7,073
4	IN-STATE TRAVEL	Safety Coordinator position's in-state travel to the annual Risk Management Safety Conference. (E306, DMV-19)	$ -	$ 1,650	$ -	$ 1,650
5	NEW LICENSE	Gartner Chief Information Security Officer license for one employee. (E302, DMV-18)	$ -	$ 51,646	$ -	$ 71,615
6	REPLACEMENT EQUIPMENT	Replacement of computer hardware and associated software, phones, and printer maintenance. (E710, DMV-15)	$ -	$ 6,850	$ -	$ 51,615

7. Security Training (E303, DMV-18): The Governor recommends General Fund appropriations of $14,777 over the 2025-27 Biennium for international information system security certification consortium online training. However, this enhancement decision unit adds General Fund appropriations to fund the expenditures instead of appropriately using Highway Fund appropriations. Accordingly, Fiscal staff requests authority to enter technical adjustments to reflect the enhancement decision unit supported with Highway Fund appropriations of $14,777 over the 2025-27 Biennium, and a corresponding reduction in General Fund appropriations.

Fiscal staff recommends Other Closing Items 1 through 6 be closed as recommended by the Governor, Other Closing Item 7 be closed with the noted technical adjustments, and requests authority to make technical adjustments as necessary.

Additional Information - No Action Necessary
Administrative Cap and Highway Fund Revenue Projections: In December 2024, the DMV provided its projections for the Highway Fund revenue it collects for FY 2025 and the 2025-27 Biennium, as well as actual collections for FY 2024, which are provided in the following table:

Highway Fund Revenue Collected by the DMV in FY 2024 and Projected through FY 2027 Based on DMV Projections Prepared in December 2024							
Source	**Actual**	**Projected**					
	FY 2024	**FY 2025**	**% Chg**	**FY 2026**	**% Chg**	**FY 2027**	**% Chg**
Registration, Titles, Plates	$ 135,259,124	$ 135,523,512	0.2%	$ 138,601,271	2.3%	$ 141,751,239	2.3%
Licenses	$ 23,802,751	$ 23,720,360	-0.3%	$ 24,550,182	3.5%	$ 25,410,751	3.5%
Special Fuel (Diesel)	$ 114,765,637	$ 123,687,600	7.8%	$ 128,449,573	3.9%	$ 133,394,882	3.9%
Gasoline Tax	$ 207,399,537	$ 216,188,364	4.2%	$ 216,188,364	0.0%	$ 216,188,364	0.0%
Fuel Revenue Indexing Special Fuel [1]	$ 9,689,933	$ 10,642,425	9.8%	$ 12,597,971	18.4%	$ 14,912,848	18.4%
Fuel Revenue Indexing Motor Fuel [1]	$ 29,119,661	$ 32,736,041	12.4%	$ 37,801,943	15.5%	$ 43,651,794	15.5%
Other Revenue	$ 45,434,011	$ 44,747,128	-1.5%	$ 45,023,325	0.6%	$ 45,325,767	0.7%
Governmental Services Tax	$ 112,921,422	$ 112,568,026	-0.3%	$ 115,382,227	2.5%	$ 118,266,783	2.5%
Total Revenue	**$ 678,392,076**	**$ 699,813,456**	**3.2%**	**$ 718,594,856**	**2.7%**	**$ 738,902,428**	**2.8%**
Less Motor Fuel Revenue	**$ (236,519,198)**	**$ (248,924,405)**		**$ (253,990,307)**		**$ (259,840,158)**	
Net Revenue for DMV Admin Cap	**$ 441,872,878**	**$ 450,889,051**	**2.0%**	**$ 464,604,549**	**3.0%**	**$ 479,062,270**	**3.1%**
[1] Pursuant to NRS 373.0675, state revenue collected from fuel revenue indexing must be deposited in and accounted for separately in the Highway Fund, and used by NDOT only to finance projects in the county in which the tax is collected (currently only Clark County).							

Historically, NRS 408.235 limited the DMV from expending more than 22.0% of Highway Fund collections on administration, excluding gasoline tax revenue that is not subject to this limitation. This administrative cap was increased to 27.0% by the 78th (2015) Legislature due to its approval to begin the replacement of the DMV's mainframe computer system (now referred to as the Department Transformation Effort project). This increased administrative cap recognizes the increased expenditures associated with this project and is currently scheduled to sunset in statute after FY 2026.

Based on revenue projections provided by the department in December 2024, Highway Fund proceeds collected by the DMV (excluding gasoline tax revenue) are projected to be $450.9 million in FY 2025, $464.6 million in FY 2026, and $479.1 million in FY 2027, which is an increase of 3.0% in FY 2026 and 3.1% in FY 2027. Given the revenue projections, the department's historic 22.0% cap threshold would be $106.3 million for FY 2026 and $109.7 million for FY 2027 (including projected Highway Fund reversions from the Records Search, Insurance Verification, and Special Plates Trust budget accounts). Excluding estimated gasoline tax administration costs that are not subject to the administrative cap and including one-time Highway Fund appropriations totaling $84.1 million over the 2025-27 Biennium largely related to the Department Transformation Effort project, The Executive Budget recommends Highway Fund appropriations in the amount of $125.1 million in FY 2026 and $125.8 million in FY 2027. The Governor's recommended budget for the DMV appears to be over the historic 22.0% cap by $18.2 million in FY 2026 and $15.5 million in FY 2027.

Although the DMV would be over the historic 22.0% cap, the department's current 27.0% cap threshold would be $130.4 million for FY 2026 and $134.6 million for FY 2027. Excluding estimated gasoline tax administration costs that are not subject to the administrative cap and including one-time Highway Fund appropriations, the Governor's recommended budget for the DMV appears to be below the 27.0% cap by $5.9 million in FY 2026 and $9.4 million in FY 2027. However, as previously noted, the increased 27.0% cap is currently scheduled to end after FY 2026. Accordingly, and based on the expenditure recommendation reflected in *The Executive Budget*, the 83rd (2025) Legislature would need to consider legislation to increase the DMV's historic 22.0% cap beyond FY 2026.

During the department's budget hearing on February 20, 2025, the department indicated the Highway Fund revenues have experienced year-over-year growth. Continued growth is anticipated, with projections demonstrating an approximate 2.8% increase for the 2025-27 Biennium. The DMV indicated its projections were developed by analyzing revenue sources and the seasonality of growth trends. The department also stated that enabling legislation has been submitted to extend the temporary increase of the historical 22.0% administrative cap beyond FY 2026, proposing a new end date of June 30, 2027 (end of FY 2027). According to the department, inflationary pressures continue to challenge the department, and efforts are underway to reduce high contract expenses in order to bring administrative costs back below the 22.0% threshold. Although a permanent increase to the cap is under consideration due to ongoing inflation and rising costs, it remains a topic for future discussion.

On April 4, 2025, the DMV provided updated Highway Fund revenue projections, which are provided in the following table:

Highway Fund Revenue Collected by the DMV in FY 2024 and Projected through FY 2027
Based on DMV Projections Prepared in April 2025

Source	Actual	Projected					
	FY 2024	FY 2025	% Chg	FY 2026	% Chg	FY 2027	% Chg
Registration, Titles, Plates	$ 135,259,124	$ 137,519,955	1.7%	$ 140,640,141	2.3%	$ 143,833,469	2.3%
Licenses	$ 23,802,751	$ 23,779,029	-0.1%	$ 24,610,195	3.5%	$ 25,472,156	3.5%
Special Fuel (Diesel)	$ 114,765,637	$ 126,626,928	10.3%	$ 131,502,065	3.9%	$ 136,564,895	3.9%
Gasoline Tax	$ 207,399,537	$ 208,513,293	0.5%	$ 208,513,293	0.0%	$ 208,513,293	0.0%
Fuel Revenue Indexing Special Fuel [1]	$ 9,689,933	$ 12,190,025	25.8%	$ 14,429,942	18.4%	$ 17,081,444	18.4%
Fuel Revenue Indexing Motor Fuel [1]	$ 29,119,661	$ 37,097,030	27.4%	$ 42,837,795	15.5%	$ 49,466,944	15.5%
Other Revenue	$ 45,434,011	$ 46,154,296	1.6%	$ 46,433,166	0.6%	$ 46,738,541	0.7%
Governmental Services Tax	$ 112,921,422	$ 114,976,897	1.8%	$ 117,851,319	2.5%	$ 120,797,602	2.5%
Total Revenue	**$ 678,392,076**	**$ 706,857,453**	**4.2%**	**$ 726,817,916**	**2.8%**	**$ 748,468,344**	**3.0%**
Less Motor Fuel Revenue	**$ (236,519,198)**	**$ (245,610,323)**		**$ (251,351,088)**		**$ (257,980,237)**	
Net Revenue for DMV Admin Cap	**$ 441,872,878**	**$ 461,247,130**	**4.4%**	**$ 475,466,828**	**3.1%**	**$ 490,488,107**	**3.2%**

[1] Pursuant to NRS 373.0675, state revenue collected from fuel revenue indexing must be deposited in and accounted for separately in the Highway Fund, and used by NDOT only to finance projects in the county in which the tax is collected (currently only Clark County).

Total Highway Fund revenue is projected to increase by $8.2 million in FY 2026 and $9.6 million in FY 2027 when <u>compared to the original projections</u> reflected in the Governor's recommended budget. Further, the Highway Fund revenue that is considered subject to the department's administrative cap is also projected to increase by $10.9 million in FY 2026 and $11.4 million in FY 2027 when compared to the original projections reflected in the Governor's recommended budget.

Based on Fiscal staff's calculations, which include one-shot Highway Fund appropriations, various budget amendments, and technical adjustments requested by the department, the DMV would be above the historic 22.0% administrative cap by $23.2 million in FY 2026 and $21.3 million in FY 2027. However, Fiscal staff will calculate a final administrative cap calculation once the DMV budgets are closed by the Subcommittee and the various recommendations regarding budget amendments and technical adjustments are considered. <u>This final administrative cap calculation will be provided when the Subcommittee's closing report for the DMV is presented before the money committees, which will reflect all Subcommittee recommendations</u>.

Although the DMV would be over the historic 22.0% cap, the department's current 27.0% cap threshold would be $133.5 million for FY 2026 and $137.9 million for FY 2027. Excluding estimated gasoline tax administration costs that are not subject to the administrative cap and including one-time Highway Fund appropriations, the Governor's recommended budget, in combination with technical adjustments and approval of other items such as certain lease enhancements not included in The Executive Budget, for the DMV appears to be below the 27.0% cap by $1.5 million in FY 2026 and $4.2 million in FY 2027.

The administrative cap was increased to 27.0% by the 78th (2015) Legislature, and the 81st (2021) Legislature approved extending the increased administrative cap, which is currently scheduled to sunset at the end of FY 2026 (June 30, 2026). The department has submitted Senate Bill 454 to extend the cap threshold of 27.0% past the FY 2026 end date to sunset at the end of FY 2027 (June 30, 2027).

One-Time Highway Fund Appropriations (BUDGET OVERVIEW-27, 30)
The Governor recommends one-time Highway Fund appropriations totaling approximately $84.1 million over the 2025-27 Biennium for the DMV as follows:

- Automation budget account (BA 4715): $4.3 million in FY 2026 and $2.3 million in FY 2027 to transfer existing legacy mainframe environment data to Amazon Web Service Cloud service. On April 11, 2025, the Governor's Finance Office indicated the one-time Highway Fund appropriation would no longer be included in the Automation budget account and would be included in the Department Transformation Effort budget account. The one-time Highway Fund appropriation bill will be heard at a later date.
- Department Transformation Effort budget account (BA 4716): $36.9 million in FY 2026 and $40.7 million in FY 2027 for the continuation of the Department Transformation Effort project. On April 11, 2025, the Governor's Finance Office indicated the one-time Highway Fund appropriation would be amended to $49.5 million in FY 2026 and $48.0 million in FY 2027. The one-time Highway Fund appropriation bill will be heard at a later date.

Supplemental Highway Fund Appropriations (BUDGET OVERVIEW-33)
The Governor recommends a supplemental Highway Fund appropriation of $2.6 million in FY 2025 to fund a potential shortfall in the Department Transformation Effort budget account (BA 4716). This potential shortfall is the result of the department and the Governor's Finance Office not submitting work programs to transfer Highway Fund appropriations from FY 2024 to FY 2025 to the IFC prior to the September 20, 2024, deadline indicated in Section 86 of Senate Bill 511 of the 82nd (2023) Legislative Session. However, the department indicated at the March 21, 2025, budget hearing that it no longer requires this supplemental appropriation.

Capital Improvement Program (CIP) Projects (APPENDIX-4, 6 & 7): The Governor recommends Highway Fund appropriations totaling $9.7 million over the 2025-27 Biennium to fund five CIP projects as shown in the following table:

Capital Improvement Program Projects				
Department of Motor Vehicles - 2025-27 Biennium				
Project Number	**Description**	**Location**		**Project Total**
25-C17	Central Services and Records Division Renovation	DMV Office, Carson City	$	4,853,287
25-C18	Renovate Customer Counter	DMV Decatur Office, Las Vegas	$	1,865,510
25-M20	Upgrade Interior Lighting	DMV Flamingo Office, Las Vegas	$	745,652
25-M24	Upgrade to Security Cameras	DMV Sahara Office, Las Vegas	$	1,600,751
25-S02h	Concrete Replacement for Americans with Disabilities Act Compliance	DMV Office, Carson City	$	594,765
		Total	**$**	**9,659,965**

<u>2025 Legislation</u>:

- Senate Bill 454, as introduced, would extend the sunset of the increased DMV administrative cap of 27.0% from the end of FY 2026 (June 30, 2026) to the end of FY 2027 (June 30, 2027). The bill was referred to the Senate Committee on Finance on April 1, 2025.

- Senate Bill 455, as introduced, would rename several DMV divisions within NRS to align with the departmentwide reorganization. The bill was referred to the Senate Committee on Finance on April 1, 2025.

Adjustments to Revenue & Expenditures

Cat	Description	Reason for Adjustment	FY 2026	FY 2027
			Gov Rec	Gov Rec
Sub-total Revenues			0	0
Sub-total Expenditures			0	0
Total Revenue Adjustments			0	0
Total Expenditure Adjustments			0	0
Total Change in FTE			0.00	0.00
Grand Total General Fund Impact of Closing Changes			0	0
Grand Total Highway Fund Impact of Closing Changes			0	0

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Account: 201 - 4745

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
HIGHWAY FUND	10,120,862	10,865,421	7.36	12,306,125	13.26	12,544,772	1.94
OTHER FUND	7,944,504	8,163,645	2.76	9,482,410	16.15	10,009,629	5.56
INTERAGENCY TRANSFER	328,102	332,482	1.33	374,841	12.74	387,744	3.44
BALANCE FORWARD	330,897	253,651	(23.34)				
REVERSIONS	(205,339)						
Total Revenues	18,519,026	19,615,199	5.92	22,163,376	12.99	22,942,145	3.51
Total FTE		48.00		61.00[1]		61.00[1]	

[1] The FY 2026 and FY 2027 FTE counts include a net total of 12 positions transferred into this budget account as part of the departmentwide reorganization discussed in the Director's Office budget account.

Overview
The Administrative Services Division provides support services including revenue collection, purchasing and contracts management, accounting, budgeting, travel arrangements, payroll, warehousing, inventory control, mail services, and facilities management. Funding for the Administrative Services Division is composed primarily of a combination of Highway Fund appropriations, cost allocations, and fees associated with the issuance of driver license and title processing.

Major Closing Issues
1. Credit Card Merchant Fees
2. One New Management Analyst Position

Discussion of Major Closing Issues

1. Credit Card Merchant Fees (BASE, DMV-40-41)

Recommendation: The Governor recommends credit card merchant fee expenditures of $12.0 million in FY 2026 and $12.6 million in FY 2027. According to the documentation provided by the department, these expenditures would be funded largely with Highway Fund appropriations of $5.4 million in FY 2026 and $5.6 million in FY 2027, with the remaining funding provided by fee and cost allocation revenue.

Summary of Issue: Credit card merchant fees comprise a rather large cost for the Department of Motor Vehicles (DMV) and require a substantial amount of Highway Fund appropriations to support that cost. The department indicates future transactions added online with implementation and completion of the Department Transformation Effort project would be using a service fee model and could decrease merchant fees.

Details Provided During the Subcommittee Hearing: The department incurs fees for transactions paid by credit cards and debit cards. The Executive Budget includes a base budget adjustment to increase base expenditure authority from $11.2 million reflected in the legislatively approved budget for FY 2025 to $12.0 million in FY 2026, and $12.6 million in FY 2027. The amounts in the Governor's recommended budget appear to have various discrepancies that the DMV addressed at the time of the budget hearing with updated calculations provided below, which reflect decreased costs of $611,995 in FY 2026 and $642,644 in FY 2027 compared to the amounts in *The Executive Budget*.

In total, these fees would be funded with Highway Fund appropriations of $5.4 million in FY 2026 and $5.6 million in FY 2027, with the remaining amount funded with vehicle report of sale fee (Title Processing fee) revenue and cost allocation revenues in this budget account. Based on this allocation, 6.7% of the DMV's Highway Fund appropriations in FY 2026 and 6.5% of the DMV's Highway Fund appropriations in FY 2027 would be utilized for credit card fees (based on the ongoing Highway Fund appropriations included in The Executive Budget and the increased Highway Fund appropriations that would be required for credit card fees).

These fees are driven by two factors: 1) the number of credit and debit card transactions, and 2) the fees charged by Wells Fargo, the state's credit card vendor, to process these transactions. The department provided credit and debit card transactions and the average fee to process those transactions for FY 2018 through FY 2024, which are provided in the following table.

When calculating these expenditures for the 2025-27 Biennium, the department considered historic trends for credit and debit card transactions and the associated transaction fees. The department indicates the actual number of DMV credit/debit card transactions have increased in recent fiscal years, excluding FY 2020 which was affected by the COVID-19 pandemic since DMV field offices were closed from March 17, 2020, through June 14, 2020. The DMV projects transactions will continue to increase in the 2025-27 Biennium. The following table provides updated credit card transaction counts and fees as provided by the DMV in February 2025, with actual amounts provided for FY 2018 through FY 2024, and projected amounts for FY 2025 through FY 2027:

Actual and Projected Credit and Debit Card Fees for the DMV [1]

Fiscal Year	Credit Card Transactions	% Change	Average Fee per Transaction	Total for Credit Cards	Debit Card Transactions	% Change	Avg Fee per Transaction	Total for Debit Cards	Refunds [2]	Total for Credit and Debit Cards	% Change
FY 2018 (actual)	1,131,337		$5.44	**$6,133,774**	2,082,654		$0.45	**$936,710**		**$7,070,484**	
FY 2019 (actual)	1,205,124	6.5%	$5.67	**$6,796,974**	2,125,924	2.1%	$0.46	**$985,197**		**$7,782,171**	**10.1%**
FY 2020 (actual)	1,136,859	-5.7%	$5.70	**$6,474,974**	1,900,481	-10.6%	$0.46	**$872,264**		**$7,347,238**	**-5.6%**
FY 2021 (actual)	1,341,872	18.0%	$6.07	**$8,113,205**	2,331,624	22.7%	$0.48	**$1,118,135**	$139	**$9,231,479**	**25.6%**
FY 2022 (actual)	1,429,916	6.6%	$6.09	**$8,623,162**	2,284,890	-2.0%	$0.46	**$1,049,389**	$138	**$9,672,689**	**4.8%**
FY 2023 (actual)	1,521,715	6.4%	$6.11	**$9,209,048**	2,240,969	-1.9%	$0.47	**$1,039,150**	$177	**$10,248,374**	**6.0%**
FY 2024 (actual)	1,581,988	4.0%	$6.17	**$9,730,754**	2,339,682	4.4%	$0.47	**$1,093,257**	$173	**$10,824,184**	**5.6%**
FY 2025 (projected)[3]	1,616,996	2.2%	$6.03	**$9,895,039**	2,391,457	2.2%	$0.45	**$1,069,869**	$175	**$10,965,083**	**1.3%**
FY 2026 (projected)[4]	1,652,779	2.2%	$6.21	**$10,263,060**	2,444,378	2.2%	$0.45	**$1,112,033**	$174	**$11,375,267**	**3.7%**
FY 2027 (projected)[4]	1,689,353	2.2%	$6.40	**$10,804,877**	2,498,469	2.2%	$0.46	**$1,149,134**	$175	**$11,954,185**	**5.1%**

[1] Totals may not balance due to rounding. Expenditure totals may also not balance to the state budgeting system and state accounting system due to rounding. FY 2024 amount of $10,824,184 does not match the state accounting system amount of $10,826,370. Revised information for FY 2020, FY 2021, and FY 2022 provided by the DMV in February 2025.

[2] Beginning in FY 2020, the DMV is charged for each credit card refund processed. These minor charges occur when a card is mistakenly processed multiple times or when a credit card payment transaction is refunded.

[3] The DMV calculated updated FY 2025 projection based on actual monthly transaction counts for July 2024 - December 2024, and projected the January 2025 - June 2025 activity based on year-to-date transaction activity.

[4] The DMV calculated updated FY 2026 and FY 2027 credit card and debit card transaction increase of 2.2% using a three year average of FY 2022, FY 2023, and FY 2024. The DMV also projects transaction fees to increase by 3% in each year of the 2025-27 Biennium. The DMV calculated the FY 2026 and FY 2027 refunds using an average of the prior two years and multiplied refund transactions by $0.03 per transaction. Amounts included in the table reflect updated amounts provided by the DMV in February 2025, but do not match amounts included in the Governor's Recommended budget.

The following table provides historic and projected credit and debit card transaction fee increases/decreases, as provided by the department:

DMV Average Fees Per Transaction [1]				
Fiscal Year	Fee for Credit Card Transactions	Percent Change	Fee for Debit Card Transactions	Percent Change
FY 2018 (actual)	$5.44		$0.4500	
FY 2019 (actual)	$5.67	4.23%	$0.4600	2.22%
FY 2020 (actual)	$5.70	0.58%	$0.4622	0.49%
FY 2021 (actual)	$6.07	6.37%	$0.4792	3.68%
FY 2022 (actual)	$6.09	0.41%	$0.4595	-4.12%
FY 2023 (actual)	$6.11	0.31%	$0.4666	1.54%
FY 2024 (actual)	$6.17	1.01%	$0.4671	0.10%
FY 2025 (projected) [2]	$6.03	-2.31%	$0.4499	-3.67%
FY 2026 (projected) [3]	$6.21	3.00%	$0.4549	1.11%
FY 2027 (projected) [3]	$6.40	3.00%	$0.4599	1.10%

[1] *Amounts may not balance due to rounding.*
[2] *FY 2025 projections based on 6 months of actuals.*
[3] *For each year of the 2025-27 Biennium, the DMV projects debit card transactions increasing by $0.005.*

During the 82nd (2023) Legislative Session, there was discussion during the DMV budget hearings regarding the implementation of credit card fees to enable the state to collect some of the costs associated with these merchant fees, and that offering the option of electronic payments benefited both the department and its customers. The department indicates transactions placed and completed online will begin to increase with the progression of the Department Transformation Effort project to replace the legacy computer system. The DMV further indicates as the Department Transformation Effort continues to be completed, the department will be moving towards a service fee model. However, budgetary changes reflecting the service fee model are not included in The Executive Budget.

A service fee model would allow the DMV to collect the credit and debit card fees from the public and appears allowable pursuant to *Nevada Revised Statutes* 353.1465, which states if the credit card operator or issuer charges the state agency a fee for each use of a credit or debit card or for each electronic transfer of money, the state agency may require the cardholder or the person requesting the electronic transfer of money to pay a convenience fee, as long as the total convenience fees charged by the state agency in a fiscal year do not exceed the total amount of fees charged to the state agency by the issuer or operator in that fiscal year. Additionally, the statute allows an agency to enter into a contract and submit the proposed contract to the State Treasurer for transmittal to the State Board of Finance. The DMV indicates it has begun discussions with the State Treasurer and Wells Fargo, the credit card processing vendor, regarding the transition to a service fee-based model. However, a contract for the new service fee-based model has not yet been finalized.

During the 2023-24 Interim, the Secretary of State's Office, which historically reflected the second largest amount of credit card fees for the state after the DMV, moved to a service fee-based model for its fees. After doing so, the office's credit card fees only totaled $204,743 in FY 2024, compared to the legislatively approved expenditure level of $3.1 million. This provided the office with unnecessary funding in its budget. It also could have allowed this funding to be utilized for other expenditures by the office through the processing of a work program(s) to transfer authority from its Credit Card Discount Fee expenditure category to another category. Given this, the Subcommittee may wish to consider placing some restrictions on the DMV's credit card expenditure authority (placing funding in Reserve, providing Highway Fund appropriations to the Interim Finance Committee for possible allocation to the DMV, etc.) if there are planned changes to the service fee-based model in the 2025-27 Biennium.

Hearing Discussion and Post-Hearing Update/Information: During the department's budget hearing on February 20, 2025, the department indicated merchant fees are the largest expense in this budget account and are offset with certain DMV fees and cost allocations from fee-funded budgets. When projecting the volume of credit and debit card transactions and the increase in merchant fee costs, the DMV closely tracks its merchant services activity. The department testified it projects the costs by analyzing year-over-year transaction data and growth trends, then multiplying transaction counts by the average transaction cost to estimate total expenses. The DMV anticipates continued increases in credit and debit card transactions and associated fees during the 2025-27 Biennium. This increasing trend is expected to continue due to several factors, notably population growth. A key factor in the continued growth in credit and debit card transactions is the shift to online transactions, where electronic payments, such as credit and debit card payments are required. Customers who previously paid with cash or check at field offices are now using electronic payment methods such as credit, debit, or e-check for transactions completed online.

Currently, the DMV's merchant services contract allows for the implementation of service fees on credit and debit card transactions, which could be passed on to customers. However, the ability to introduce this change depends on technological capabilities. As part of the Department Transformation Effort, the DMV plans to bring all vehicle service transactions online by the end of the upcoming 2025-27 Biennium. Once all vehicle services are available in the new system, the department could consider implementing the service fee model. The DMV expects the transition to a service fee-based transaction model could occur by the end of the 2025-27 Biennium, once all vehicle services are online, and the system is fully integrated with fees and payments. At that point, the DMV can evaluate the implementation of service fees and whether to charge the fee immediately for available online services or wait until all transactions are available online. The department indicated these fees are not included in the Governor's recommended budget because the merchant services provider would collect the fees through a payment gateway. The provider would retain the fees and deliver the transaction amounts to the DMV. The DMV did not reduce merchant fee expenses as it did not have an accurate estimate of potential reductions. The projected financial impact of a service fee-based model on DMV customers would be a 1.95% charge on the total transaction amount. For example, on a vehicle registration fee of $259, the service fee would be approximately $5.05. Implementing the service fee model would reduce the DMV's merchant fee expense, and once fully implemented, service fees would almost eliminate all of DMV's merchant fees, with the exception of fees for services not covered by the service fee structure including costs for credit card refunds of less than $200 per year.

On April 7, 2025, the DMV provided revised credit card merchant fee expenditures for the 2025-27 Biennium based on additional expenditure information through February 28, 2025. The department's updated projected transaction counts and associated expenditures are reflected in the following table:

Actual and Projected Credit and Debit Card Fees for the DMV [1]													
Fiscal Year	Credit Card Transactions	% Change	Average Fee per Transaction	Total for Credit Cards	Debit Card Transactions	% Change	Avg Fee per Transaction	Total for Debit Cards	Refunds[2]	Total for Credit and Debit Cards	% Change	Governor Recommended Total	Difference
FY 2018 (actual)	1,131,337		$5.44	**$6,133,774**	2,082,654		$0.45	**$936,710**		**$7,070,484**			
FY 2019 (actual)	1,205,124	6.5%	$5.67	**$6,796,974**	2,125,924	2.1%	$0.46	**$985,197**		**$7,782,171**	**10.1%**		
FY 2020 (actual)	1,136,859	-5.7%	$5.70	**$6,474,974**	1,900,481	-10.6%	$0.46	**$872,264**		**$7,347,238**	**-5.6%**		
FY 2021 (actual)	1,341,872	18.0%	$6.07	**$8,113,205**	2,331,624	22.7%	$0.48	**$1,118,135**	$139	**$9,231,479**	**25.6%**		
FY 2022 (actual)	1,429,916	6.6%	$6.09	**$8,623,162**	2,284,890	-2.0%	$0.46	**$1,049,389**	*$138*	**$9,672,689**	**4.8%**		
FY 2023 (actual)	1,521,715	6.4%	$6.11	**$9,209,048**	2,240,969	-1.9%	$0.47	**$1,039,150**	$177	**$10,248,374**	**6.0%**		
FY 2024 (actual)	1,581,988	4.0%	$6.17	**$9,730,754**	2,339,682	4.4%	$0.47	**$1,093,257**	$173	**$10,824,184**	**5.6%**		
FY 2025 (projected)[3]	1,616,996	2.2%	$6.02	**$9,938,311**	2,391,457	2.2%	$0.45	**$1,064,128**	$175	**$11,002,614**	**1.6%**		
FY 2026 (projected)[4]	1,652,779	2.2%	$6.20	**$10,254,076**	2,444,378	2.2%	$0.45	**$1,102,113**	$174	**$11,356,363**	**3.2%**	**$11,987,262**	**($630,899)**
FY 2027 (projected)[4]	1,689,353	2.2%	$6.39	**$10,795,419**	2,498,469	2.2%	$0.46	**$1,138,994**	$175	**$11,934,587**	**5.1%**	**$12,596,829**	**($662,242)**

[1] Totals may not balance due to rounding. Expenditure totals may also not balance to the state budgeting system and state accounting system due to rounding. FY 2024 amount of $10,824,184 does not match the state accounting system amount of $10,826,370. Revised information for FY 2020, FY 2021, and FY 2022 provided by the DMV in February 2025

[2] Beginning in FY 2020, the DMV is charged for each credit card refund processed. These minor charges occur when a card is mistakenly processed multiple times or when a credit card payment transaction is refunded.

[3] The DMV calculated FY 2025 projection based on actual monthly transaction counts for July 2024 - February 2025, and projected the March 2025 - June 2025 activity based on year-to-date transaction activity.

[4] The DMV calculated the FY 2026 and FY 2027 credit card and debit card transaction increase of 2.2% using a three year average of FY 2022, FY 2023, and FY 2024. The DMV also projects transaction fees to increase by 3% in each year of the 2025-27 Biennium. The DMV calculated the FY 2026 and FY 2027 refunds using an average of the prior two years and multiplied refund transactions by $0.03 per transaction.

As illustrated in the table, the department's updated projections reflect a reduction of approximately $1.3 million over the 2025-27 Biennium, when compared to the amounts in The Executive Budget.

Since the revised DMV projections incorporate the latest information, the Subcommittee may consider providing Fiscal staff with authority to enter the department's revised expenditure projections. Fiscal staff also requests 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 not yet provided a revised cost allocation. The Subcommittee could also consider taking action similar to the 82nd (2023) Legislature concerning credit card fees, whereby expenditures of $11.2 million were approved in each year of the 2023-25 Biennium for credit card fees. In addition, the 2023 Appropriations Act (Senate Bill 511) allowed the DMV to transfer Highway Fund appropriations of up to $2.0 million between fiscal years of the 2023-25 Biennium to fund credit card merchant fees, with approval of the Interim Finance Committee (IFC). The Governor recommends the DMV maintain the ability to transfer Highway Fund appropriations between fiscal years of the 2025-27 Biennium to fund credit card merchant fees, with approval of the IFC upon recommendation of the Governor (BUDGET OVERIEW-36).

Similar to the action of the 82nd (2023) Legislature, the Subcommittee may consider approving the department's revised projected credit card expenditures of $11.4 million in each year of the 2025-27 Biennium and provide the department with the ability to transfer up to $2.0 million in Highway Fund appropriations to fund credit card fees between the fiscal years in the 2025-27 Biennium, with the approval of the IFC. However, this option may increase the likelihood of the department requesting a supplemental Highway Fund appropriation during the 84th (2027) Legislative Session. Additionally, the Subcommittee may wish to recommend the Highway Fund appropriations approved for the DMV for credit card fees are only to be used for those expenses, thereby not allowing this funding to be transferred to another expenditure category.

<u>Decision for the Subcommittee</u>:
The Subcommittee may consider the following options:

A. Approve the Governor's recommendation for credit card fees and provide Fiscal staff with authority to make technical adjustments to reflect expenditures of $11.4 million in FY 2026 and $11.9 million in FY 2027 based on the department's updated projections. When compared to the amounts in <u>The Executive Budget</u>, this option would result in a reduction in Highway Fund appropriations of $1.3 million over the 2025-27 Biennium. In addition, approve the Governor's recommendation to provide the DMV with the ability to transfer Highway Fund appropriations of up to $2.0 million between fiscal years of the 2025-27 Biennium to fund credit card fees, with approval of the Interim Finance Committee upon recommendation of the Governor?

OR

B. Approve the department's revised FY 2026 credit card fee projections of $11.4 million in both FY 2026 and FY 2027 and provide the department with authority to transfer Highway Fund appropriations up to $2.0 million between each fiscal year in the 2025-27 Biennium to fund credit card fees? When compared to the amounts in <u>The Executive Budget</u>, this option would result in a decrease in Highway Fund appropriations of $1.9 million over the 2025-27 Biennium; however, this may increase the likelihood of the department requesting a supplemental Highway Fund appropriation during the 84th (2027) Legislative Session.

Fiscal staff requests authority to enter any necessary technical adjustments including updates to the cost allocation for the fee-funded budgets and incorporating language in the 2025 Appropriations Act based on the action of the Subcommittee, including indicating that the Highway Fund appropriations approved for the DMV for credit card fees are only to be used for those expenses.

2. One New Management Analyst Position (E301, DMV-43)

<u>Recommendation</u>: The Governor recommends Highway Fund appropriations of $180,168 over the 2025-27 Biennium for one new Management Analyst position and associated expenditures.

<u>Summary of Issue</u>: The DMV indicates the new Management Analyst (Grade 37), would be located in Carson City and provide contract oversight and supervise the department's current contract manager position.

<u>Details Provided During the Subcommittee Hearing</u>: Currently, one Program Officer manages all department contracts. According to the DMV, the new Management Analyst position would supervise the current Program Officer and provide additional assistance to department staff as they develop and administer contracts. The department indicated there are currently approximately 130 contracts and agreements, 10 property leases, and approximately 70 equipment leases.

Currently, the Program Officer is supervised by a Management Analyst that has additional duties unrelated to contract management, including oversight of the division budget, compiling fiscal and program reports, and performing information technology project management. The department indicates the number and complexity of contracts are increasing, which requires a dedicated supervisory position to oversee contracts, ensure statute compliance, mitigate errors, and meet contract deadlines.

The following are some of the duties and responsibilities for the new Management Analyst position, as indicated by the department:

- Work with DMV division staff and the Department of Administration's Purchasing Division to develop contracts and request for proposals.
- Track contract term deadlines and monitor and maintain contract authority and expenditure balance logs.
- Manage more complex contracts including National Association of State Procurement Officials agreements, or subcontractors.
- Work with the Nevada Attorney General's Office staff to ensure contracts comply with legal guidelines.

Hearing Discussion and Post-Hearing Update/Information: During the department's budget hearing on February 20, 2025, the DMV indicated that the complexity of contracts such as technology and software contracts that require a high level of examination and impact multiple areas and state agencies, has significantly increased. As contracts have become more complex, the recommended new Management Analyst position would oversee the DMV's contracts to mitigate risks, errors, missed deadlines, potential financial losses, and compliance issues. The position would also ensure that contracts align with state requirements while implementing continuous improvement. Currently, the contracts unit is managed by a single Program Officer position, supervised and supported by the division's Management Analyst position. However, the DMV indicates the volume and complexity of contracts have made the workload unmanageable for one position. If approved, the new Management Analyst position would handle more complex contracts and coordinate requests for proposal while the current Program Officer would focus on simpler contracts and leases, ensuring compliance with license and insurance requirements. The current Management Analyst's responsibilities would remain unchanged and include overseeing the contracts unit, developing, reviewing, and monitoring the Administrative Services Division budget, interpreting legal requirements, and providing budget recommendations. Additionally, the position serves as the lead Management Analyst in the division, manages IT projects, conducts research and planning, and serves as the departmental project manager for various initiatives, including fiscal note responsibilities during legislative sessions.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of the Governor's recommendation for Highway Fund appropriations of $180,168 over the 2025-27 Biennium for one new Management Analyst position and associated expenditures?

Other Closing Items

Other Closing Items	Category	Description of Decision Unit	FY 2026 Highway Fund	FY 2027 Highway Fund
1	REPLACEMENT EQUIPMENT	Replacement of computer hardware and associated software, cell phones, cash counters, scanners, and check scanners (E710, DMV-43).	$ 31,031	$ 37,516
2	STAFF TRAINING	Payment Card Industry Security Standards training for an additional position (E275, DMV-42).	$ 1,240	$ 1,240
3	FREIGHT	Freight charges for document and paper shipping (E276, DMV-42).	$ 3,211	$ 3,211

4. Adjusted Base Budget - Technical Adjustment (BASE, DMV-40-41): In the base budget, the Governor recommends Driver License fee revenue of $3.1 million in FY 2026 and $3.2 million in FY 2027 that provides funding for the cost of driver license photos. This revenue funds the vendor cost that is reflected in the Driver License Photos expenditure category in this budget account and the revenue and expenditures should align. However, The Executive Budget reflects expenditures of $3.2 million in each year of the 2025-27 Biennium. Additionally on April 4, 2025, the DMV provided updated revenue projections for Title Processing Fee and Driver License Photo Fee revenue. The updated revenue projections, including alignment of the revenue with the Driver License Photo expenditure category, are reflected in the closing adjustments for this budget, which increased Highway Fund appropriations in this budget by $1.4 million in FY 2026 and $1.8 million in FY 2027.

Fiscal staff recommends Other Closing Items 1 through 3 be closed as recommended by the Governor, Other Closing Item 4 be closed with the noted technical adjustments, and requests authority to make other technical adjustments as necessary.

The following decision units and associated budget amendments along with the associated departmentwide reorganization are discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

E900, E901, E902 (DMV-44-45) and Budget Amendment A256214745

Additional Information – No Action Necessary

None

Adjustments to Revenue & Expenditures

Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

DECISION UNIT: B000

Cat	Description	Reason for Adjustment	FY 2026	FY 2027
00	HIGHWAY FUND	Adjust Highway Fund appropriations based on updated DMV revenue projections.	1,438,252	1,842,619
00	OTHER FUND	Updated DMV revenue projections.	(1,354,375)	(1,757,571)
20	DRIVERS LICENSE PHOTOS	Update Driver's License Photo expenditure projections due to updated DMV revenue projections.	83,877	85,048
Sub-total Revenues			83,877	85,048
Sub-total Expenditures			83,877	85,048

Total Revenue Adjustments	83,877	85,048
Total Expenditure Adjustments	83,877	85,048
Total Change in FTE	0.00	0.00
Grand Total General Fund Impact of Closing Changes	0	0
Grand Total Highway Fund Impact of Closing Changes	1,438,252	1,842,619

Title: DMV - MOTOR VEHICLE POLLUTION CONTROL **Budget Page:** DMV-55, **Volume III**
Account: 101 - 4722

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
HIGHWAY FUND				1,000		1,000	
OTHER FUND	10,784,344	11,290,145	4.69	13,189,128	16.82	13,347,882	1.20
BALANCE FORWARD	1,000,002	857,121	(14.29)	857,121		1,216,370	41.91
Total Revenues	11,784,346	12,147,266	3.08	14,047,249	15.64	14,565,252	3.69
Total FTE		37.00		37.00		37.00	

Overview

Through its Motor Vehicle Pollution Control budget, the Department of Motor Vehicles (DMV) Compliance Enforcement Division is responsible for ensuring compliance with the *Nevada Revised Statutes* (NRS) and the *Nevada Administrative Code* (NAC) as they relate to vehicle emission standards in counties whose population equals or exceeds 100,000 (Clark County and Washoe County). Revenue generated from fees charged for every vehicle receiving a smog certificate supports the enforcement efforts. Pursuant to NRS 445B.830, fee revenue in excess of budgetary requirements and a balance forward amount of $1.0 million are distributed annually to the two counties proportionate to the number of certificates issued in each county.

Major Closing Issue

Pollution Control Fee Increase

Discussion of Major Closing Issue

Pollution Control Fee Increase (E306, DMV-57)

Recommendation: The Governor recommends an increase of Pollution Control Fee revenue of $1.7 million in each year of the 2025-27 Biennium for the administration of the emission control program, contingent upon passage and approval of enabling legislation.

Summary of Issue: The Governor recommends increasing Pollution Control Fees by $1.7 million in each year of the 2025-27 Biennium to allow the department to fund the costs associated with administration of the emission control program, contingent upon the passage and approval of enabling legislation. The department submitted Assembly Bill (A.B.) 545 to increase the individual emission compliance certificate fee by 16.7%, from $6.00 to $7.00, and the fee for a set of 25 emission compliance certificates is also recommended to increase 16.7%, from $150.00 to $175.00.

Details Provided During the Subcommittee Hearing: The department indicates the proposed fee increase for emission compliance certificates aims to ensure continued revenue distributions to various agencies as specified in NRS 445B.830. As noted in the overview, the Motor Vehicle Pollution Control budget account is primarily funded through a $6.00 fee assessed for smog certificates. Pursuant to NRS 445B.830(2), one-sixth of the amounts received by the DMV is distributed to Clark County and Washoe County air pollution control agencies, with remaining funding provided to the following agencies in priority order to support air quality and emissions control programs:

1. The DMV to carry out the provisions of NRS 445B.770 to 445B.845 related to the control of emissions from engines;
2. The State Department of Conservation and Natural Resources (DCNR) to carry out the provisions of NRS Chapter 445B related to air pollution;
3. The State Department of Agriculture to carry out provisions of NRS 590.010 to 590.150, the Nevada Petroleum Products Inspection Act;
4. Clark County and Washoe County air pollution control agencies for programs related to the improvement of air quality; and
5. The Tahoe Regional Planning Agency to carry out the provisions of NRS 277.200, the Tahoe Regional Planning Compact, with respect to the preservation and improvement of air quality in the Lake Tahoe Basin.

Any fee revenue in excess of these requirements and a reserve amount of $1.0 million are distributed annually to the two counties proportionate to the number of certificates issued in each county.

From FY 2022 through FY 2025, distribution amounts have remained consistent to agencies. However, amounts distributed to Clark County and Washoe County air pollution control agencies have continued to decrease from FY 2022 through FY 2024 and are projected to decrease in the 2025-27 Biennium due to increased costs within the DMV Motor Vehicle Pollution Control budget account. The following table displays the historical amounts distributed to agencies between FY 2022 and FY 2024, the legislatively approved amount for FY 2025, and the funding recommended by the Governor in the base budget through each year of the FY 2025-27 Biennium.

Distribution of Pollution Control Fee Revenue						
Air Quality Emission Control Program Name	**FY 2022 (Actual)**	**FY 2023 (Actual)**	**FY 2024 (Actual)**	**FY 2025 (Legislatively Approved)**	**FY 2026 (Governor Recommended Base Budget)**	**FY 2027 (Governor Recommended Base Budget)**
DCNR Environmental Commission	$ 5,010	$ 5,712	$ 6,648	$ 5,100	$ 8,693	$ 8,693
Tahoe Regional Planning Agency	$ 419,021	$ 419,021	$ 419,021	$ 419,021	$ -	$ -
DCNR Environmental Protection Agency	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 1,000,000	$ 1,000,000
State Department of Agriculture	$ 752,430	$ 752,430	$ 752,430	$ 752,430	$ 752,430	$ 752,430
Clark and Wahoe County Air Pollution Control Agencies	$ 4,188,136	$ 2,276,078	$ 1,791,151	$ 2,085,436	$ 1,791,151	$ 1,791,151
TOTAL	**$ 7,364,596**	**$ 5,453,241**	**$ 4,969,250**	**$ 5,261,987**	**$ 3,552,274**	**$ 3,552,274**

<u>The Governor's recommended base budget did not correctly account for consistent transfer amounts to agencies, as transfers budgeted in the base budget for the receiving budget accounts reflect the legislatively approved amounts for FY 2025</u>. To ensure the other agencies receive the full allocation recommended in those budgets, the Governor recommends an individual certificate fee increase from $6.00 to $7.00, and for a set of 25 certificates increase from $150.00 to $175.00. The department indicates the adjustment was determined by assessing the lowest whole dollar amount necessary to maintain historical funding levels based on projected certificate sales for FY 2026 and FY 2027. The department projects the fee increase would generate an additional $1.7 million in each year of the 2025-27 Biennium and would allow the DMV to restore transfers to previous legislatively approved levels, as indicated in the following table.

2025-27 Biennium Distribution of Pollution Control Fee Revenue						
Air Quality Emission Control Program Name	**FY 2026 (Governor Recommended Base Budget)**	**FY 2026 (Decision Unit E306) Amount from Fee Increase**	**FY 2026 TOTAL Request**	**FY 2027 (Governor Recommended Base Budget)**	**FY 2027 (Decision Unit E306) Amount from Fee Increase**	**FY 2027 TOTAL Request**
DCNR Environmental Commission	$ 8,693	$ -	**$ 8,693**	$ 8,693	$ -	**$ 8,693**
Tahoe Regional Planning Agency	$ -	$ 419,021	**$ 419,021**	$ -	$ 419,021	**$ 419,021**
DCNR Environmental Protection Agency	$ 1,000,000	$ 1,000,000	**$ 2,000,000**	$ 1,000,000	$ 1,000,000	**$ 2,000,000**
State Department of Agriculture	$ 752,430	$ -	**$ 752,430**	$ 752,430	$ -	**$ 752,430**
Clark and Wahoe County Air Pollution Control Agencies	$ 1,791,151	$ 232,748	**$ 2,023,899**	$ 1,791,151	$ 257,940	**$ 2,049,091**
TOTAL	**$ 3,552,274**	**$ 1,651,769**	**$ 5,204,043**	**$ 3,552,274**	**$ 1,676,961**	**$ 5,229,235**

The DMV indicates if the fee increase is not approved, revenue shortfalls would impact the department's ability to distribute funds as outlined in statute, and The Executive Budget provides the following funding reductions and subsequent effects:

- The Tahoe Regional Planning Agency would receive no revenue from the DMV, causing the agency’s funding to be reduced by $419,021 in each year of the 2025-27 Biennium compared to prior levels, potentially affecting the agency’s ability to support regional efforts to preserve, restore, and enhance the Lake Tahoe Basin.

- The DCNR Nevada Division of Environmental Protection (NDEP) would face a $1.0 million reduction in each year of the 2025-27 Biennium compared to prior funding levels, which would affect the Bureau of Air Pollution Control and the Bureau of Air Quality Planning’s ability to protect health and safety through planning, air quality monitoring, permitting, and compliance assurance.

- The DCNR State Environmental Commission funding would be reduced by $8,693 in each year of the 2025-27 Biennium, which could cause the commission to not have funds for rulemaking, variance review, and appeal hearings for environmental regulations in Nevada.

- The State Department of Agriculture would face revenue reductions of $752,430 in each year of the 2025-27 Biennium compared to prior funding levels, which could hinder the department’s ability to fully fund Weights and Measures Inspector positions to obtain motor fuel samples and verify fuel quality pursuant to the Nevada Petroleum Products Inspection Act.

Distributions to local air pollution control agencies (Clark County and Washoe County) are also required and must be equal to one-sixth of emission certificate revenue and any excess reserves exceeding $1.0 million at the end of the fiscal year pursuant to subsections 4 and 6 of NRS 445B.830. Currently, the one-sixth amount provides $1.00 to each county air pollution agency per certificate sold. If the fee increase is approved as originally contemplated in A.B. 545, as introduced, the increase would provide $1.17 to local air pollution control agencies for each certificate sold as the one-sixth requirement would apply to the $7.00. Therefore, 17 cents of the $1.00 increase to the certificate would go directly to the local air pollution control agencies. Provided the current fee structure provides the local counties with $1.00 per certificate, the department does not propose to maintain the $1.00 per certificate policy by recommending an update to the statutory requirement by providing these agencies with one-seventh of the certificate fee.

Governor's Recommended Budget – Structural Issues: In review of The Executive Budget, Fiscal staff identified various structural issues that need to be resolved. Although the department submitted projections for the fee increase, the Governor's recommended budget does not reflect accurate amounts. Therefore, at the time of the budget hearing, it was unclear whether the $1.00 fee increase would provide sufficient operating revenue to fund this budget account and associated programs. Fiscal staff identified the following issues with the construction of the Governor's recommended budget:

- Pollution Control Fee revenues are not accurate and do not reflect DMV projections provided in December 2024.
- The estimated revenue expected to be generated from the $1.00 increase to certificates is under budgeted.
- Multiple enhancement decision units add Pollution Control Fee revenue to fund expenditures instead of appropriately using reserve reductions.
- A decision unit recommends Highway Fund appropriations of $2,000 over the 2025-27 Biennium, which should have been funded with reserve reductions.
- Distribution to local air pollution control agencies does not accurately reflect the one-sixth distribution amount of emission certificate revenue received by the department.
- Reserve amounts exceed the statutorily mandated maximum of $1.0 million.

Fiscal staff recommends the following technical adjustments to correct structural issues identified:

- Update the base budget to correctly account for consistent transfer amounts to agencies to reflect the legislatively approved amounts for FY 2025, which would increase agency transfer amounts by $1.4 million in each year of the 2025-27 Biennium and decrease reserves by corresponding amounts.
- Update Pollution Control Fee revenue based on the April 4, 2025, updated DMV revenue projections, which would decrease revenue and reserves by $22,328 in FY 2026 and $22,558 in FY 2027.
- Update the estimated revenue expected to be generated from the $1.00 increase based on April 4, 2025, updated DMV revenue projections, which would increase estimated revenue and reserves by $190,948 in FY 2026 and $257,940 in FY 2027.
- Update the distribution to local air pollution control agencies to accurately reflect the one-sixth distribution amount of emission certificate revenue received by the department, inclusive of the $1.00 increased fee amount, which would increase the distribution amount by $125,937 in FY 2026 and $133,627 in FY 2027, and increase reserves by corresponding amounts.
- Update reserve amounts to ensure they do not exceed the statutorily mandated maximum of $1.0 million, which would decrease reserves by $64,482 in FY 2027.

Hearing Discussion and Post-Hearing Update/Information: During the hearing on February 20, 2025, the department indicated it determined that a $1.00 increase per emissions certificate would be sufficient based on its review of minimum budget account expenditures and current revenue distributions to state agencies, as outlined in NRS 445B.830. This increase was considered sufficient to maintain distributions in the short-term; however, the department is uncertain whether it will sustain funding for the budget account beyond the 2025-27 Biennium. To provide greater long-term flexibility, the department indicated it is exploring enabling language to establish a fee cap rather than setting a fixed fee amount, which would allow for fee adjustments without requiring legislative approval. While the department is experiencing modest growth in emissions certificate sales, it indicated it is not adequate to fund ongoing agency disbursements under the current budget structure. Emission certificate revenue has been impacted by the growing adoption of electric vehicles and the 2023 extension of the emissions testing period for new vehicles, both of which have reduced the number of certificates issued and, consequently, revenue for the state's air quality programs. The department also indicated the increased expenses in the budget account have reduced the amount of funding available for the other programs supported by this revenue.

The reduced transfer amounts reflected in The Executive Budget if the fee increase is not approved, were calculated based on statutory distribution priorities as outlined in NRS. Once the DMV's operating budget is funded, remaining revenues are distributed as outlined in statute. Under the reduced transfer scenario, the last two agencies in the distribution order would be affected: the Tahoe Regional Planning Agency would receive no funding, and the NDEP's allocation would be reduced by 50%. There are no further proposed reductions to the DMV's Pollution Control budget account if the fee increase is not approved.

The department is not proposing changes to the statutory distribution of certificate fee revenue, which currently provides one-sixth of the revenue to both Clark County and Washoe County. The DMV did not evaluate modifications to this structure, as it believes rising costs affect both the DMV and the counties equally and that counties would benefit from the increase in the share of the revenue. The department did, however, review the potential impact of altering the distribution schedule and concluded that counties would still receive their funds either quarterly or at the end of the year.

During its budget hearing, the Tahoe Regional Planning Agency indicated that without continued DMV revenue transfers, it would be unable to monitor regional air quality or support the planning and implementation of air quality programs and projects in the Lake Tahoe Basin. The DCNR NDEP stated that a $1.0 million reduction in each year of the 2025–27 Biennium would impact its ability to provide the required state match for federal grants and to fund staff working on Clean Air Act programs delegated to Nevada by the U.S. Environmental Protection Agency (EPA). This reduction could also result in the annual loss of more than $900,000 in federal grant funds. Failure to maintain these programs may jeopardize Nevada's delegated authority under the federal Clean Air Act, potentially resulting in the loss of the state's ability to implement and enforce federal air quality standards. In the absence of transferred funds, the NDEP's Bureau of Air Pollution Control and Bureau of Air Quality Planning may be forced to request fee increases from regulated industries to sustain operations. Similarly, the State Department of Agriculture indicated that any reduction in funding would limit its ability to fully staff Weights and Measures Inspectors responsible for collecting motor fuel samples and verifying fuel quality in accordance with the Nevada Petroleum Products Inspection Act. A significant funding shortfall could also result in the shutdown of the Fuel Quality Labs, eliminating the state's ability to test fuel quality, in violation of Chapter 590 of NRS. The affected funding supports three full-time positions within the State Department of Agriculture's Pollution Control Program. Without alternative funding sources, cuts to this program would eliminate fuel quality inspections and reduce consumer protection for both the public and the fuel industry.

Updated Projections

On April 4, 2025, the DMV provided updated revenue projections for Pollution Control Fee revenue for the 2025-27 Biennium, which reflected increased revenue of $180,339 in FY 2026 and $183,047 in FY 2027, when compared to December 2024 projections. Updates are based on total projected certificate counts of 1.8 million in FY 2026 and 1.9 million in FY 2027. Distributions to local air pollution control agencies (Clark County and Washoe County) are also projected to remain equal to one-sixth of emission certificate revenue and would provide $1.17 to local air pollution control agencies for each certificate sold as the one-sixth requirement would apply to the $7.00. Including updated projections, the fee increase would generate an additional $1.8 million in FY 2026 and $1.9 million in FY 2027, and would allow the DMV to restore state agency distribution transfers to levels included in The Executive Budget, as indicated in the following table:

Updated April 2025 DMV Revenue Projections Including the $1.00 Emission Control Fee Increase and 1/6 Distribution to Local Air Pollution Control Agencies				
	FY 2026 (April 2025 Updated Revenue Projections)		FY 2027 (April 2025 Updated Revenue Projections)	
POLLUTION CONTROL FEE REVENUES[1]				
Pollution Control Fees Revenue	$	11,056,299	$	11,225,409
Emission Certificate Fee Increase $1.00	$	1,842,717	$	1,870,902
TOTAL CERTIFICATE REVENUE	**$**	**12,899,016**	**$**	**13,096,311**
DISTRIBUTION RELATED EXPENDITURES[1]				
DCNR Environmental Commission	$	8,693	$	8,693
Tahoe Regional Planning Agency	$	419,021	$	419,021
DCNR Environmental Protection Agency	$	2,000,000	$	2,000,000
State Department of Agriculture	$	752,430	$	752,430
Clark and Washoe County Air Pollution Control Agencies 1/6 Distribution Amount	$	2,149,836	$	2,245,201
Clark and Washoe County Air Pollution Control Agencies Excess Reserve Distribution	$	-	$	-
Reserve Amount	**$**	**845,741**	**$**	**1,000,000**

[1] The revenues and expenditures included in the table reflect only Pollution Control Fee revenue and distribution related expenditures to local air pollution agencies and state agencies; they do not represent the total revenue and expenditures included in this budget account.

Additionally, if A.B. 545 or other enabling legislation is updated to reflect distributions of $1.00 per certification to local air pollution control agencies (Clark County and Washoe County) by amending NRS 445B.830 to allocate one-seventh of emission certificate revenue, this change, in combination with the recommended fee increase, would result in meeting the $1.0 million reserve in each fiscal year. Although the Clark and Washoe County Air Pollution Control Agencies would see a reduction in revenues in FY 2026, they would see a significant increase in distributions in FY 2026 due to additional funds exceeding the $1.0 million reserve limit being distributed back to the local county agencies. This approach would prioritize maintaining a reserve balance of $1.0 million each year over a biennium while increasing distributions of funds to the county pollution control agencies in FY 2027 as detailed in the following table:

Updated April 2025 DMV Revenue Projections Including the $1.00 Emission Control Fee Increase and Update 1/7 Distribution to Local Air Pollution Control Agencies		
	FY 2026 (April 2025 Updated Revenue Projections)	**FY 2027 (April 2025 Updated Revenue Projections)**
POLLUTION CONTROL FEE REVENUES[1]		
Pollution Control Fees Revenue	$ 11,056,299	$ 11,225,409
Emission Certificate Fee Increase $1.00	$ 1,842,717	$ 1,870,902
TOTAL CERTIFICATE REVENUE	**$ 12,899,016**	**$ 13,096,311**
DISTRIBUTION RELATED EXPENDITURES[1]		
DCNR Environmental Commission	$ 8,693	$ 8,693
Tahoe Regional Planning Agency	$ 419,021	$ 419,021
DCNR Environmental Protection Agency	$ 2,000,000	$ 2,000,000
State Department of Agriculture	$ 752,430	$ 752,430
Clark and Washoe County Air Pollution Control Agencies 1/7 Distribution Amount	$ 1,842,717	$ 1,870,902
Clark and Washoe County Air Pollution Control Agencies Excess Reserve Distribution	$ 152,861	$ 528,559
Reserve Amount	**$ 1,000,000**	**$ 1,000,000**

[1] The revenues and expenditures included in the table reflect only Pollution Control Fee revenue and distribution related expenditures to local air pollution agencies and state agencies; they do not represent the total revenue and expenditures included in this budget account.

As introduced, A.B. 545 would increase the emission compliance certificate fee and therefore requires a two-thirds vote by the 83rd (2025) Legislature. Additionally, if the Legislature approves the fee increase in the operating budget but A.B. 545 fails to receive the necessary two-thirds vote for passage, or is not signed by the Governor, the DMV would have to reduce its expenditures to align with the current statutory emission compliance certificate fee amount. Accordingly, if the Subcommittee wishes to recommend approval of the $1.00 fee increase, it may also wish to consider directing the DMV to submit a work program to the Interim Finance Committee at the June 2025 meeting with a recommendation to reduce expenditures and/or transfers to other entities in FY 2026 and FY 2027 to address the shortfall should enabling legislation not be enacted.

If the fee increase is not recommended for approval, the Subcommittee would need to recommend reductions in expenditures and/or transfers to other entities in order to balance the budget and avoid a negative reserve. As previously discussed, the DMV recommends using the statutory waterfall of funding as a framework for prioritizing reductions, whereby entities listed last in statute would be reduced first. With this approach, the Subcommittee may consider reducing transfers to the Tahoe Regional Planning Agency by $419,021 each year over the 2025-27 Biennium and reducing transfers to the DCNR NDEP by $650,000 in FY 2026 and $639,000 in FY 2027 to maintain a reserve balance of $1.0 million in FY 2027 as opposed to approving the Governor’s recommended fee increase.

Decision for the Subcommittee:
Does the Subcommittee wish to:

A. Recommend approval of Pollution Control Fee increases of $1.8 million in FY 2026 and $1.9 million in FY 2027 as currently projected by the DMV based on a $1.00 certificate fee increase for the administration of the emission control program, as recommend by the Governor, contingent upon passage and approval of A.B. 545 or other enabling legislation with the noted technical adjustments?

OR

B. Recommend approval of Pollution Control Fee increases of $1.8 million in FY 2026 and $1.9 million in FY 2027 as currently projected by the DMV based on a $1.00 certificate fee increase for the administration of the emission control program, as recommend by the Governor, contingent upon passage and approval of A.B. 545 or other enabling legislation with the noted technical adjustments, amending NRS 445B.830 from one-sixth of the certificate distribution for local county pollution control agencies to one-seventh to maintain the $1.00 per certificate policy in A.B. 545 or other enabling legislation?

OR

C. Recommend not approving the Governor's recommended Pollution Control Fee increase of $1.00 for emission control certificates with the noted technical adjustments. In addition, recommend approval of reducing transfers to the Tahoe Regional Planning Agency by $419,021 each year over the 2025-27 Biennium and reducing transfers to the DCNR NDEP by $650,000 in FY 2026 and $639,000 in FY 2027 to maintain a reserve balance of $1.0 million in FY 2027?

Fiscal staff requests authority to enter technical adjustments, as necessary.

Other Closing Items

			FY 2026			FY 2027		
Other Closing Items	**Category**	**Description of Decision Unit**	**Highway Fund**	**Other Funds**	**Reserve[1]**	**Highway Fund**	**Other Funds**	**Reserve[1]**
1	COST ALLOCATION	Adjustment related to the Department of Public Safety dispatch cost allocation. (E800, DMV-60)	$ -	$ -	$ (6,781)	$ -	$ -	$ (6,800)
2	COST ALLOCATION	Adjustment related to the Department of Public Safety dispatch cost allocation (M800, DMV-57)	$ -	$ -	$ (4,439)	$ -	$ -	$ (3,786)
3	EQUIPMENT REPLACEMENT	Replacement of generator, projectors, shredder, scanners, voice recorder, citation printers, radios, and body armor (E711, DMV-58-59).	$ -	$ -	$ (62,652)	$ -	$ -	$ (15,589)

[1]Recommendations to fund expenditures in whole, or in part, with reserve funds will display as a negative dollar value as the reserve level would be reduced. Alternatively, recommendations to decrease expenditure levels with an offset to reserve will display as a positive dollar value as the reserve level would be increased.

4. Base Budget Technical Adjustments (BASE, DMV-55-56): The Nevada Department of Transportation (NDOT) is in the process of replacing the Nevada Shared Radio System, with the Governor recommending continued funding for the project in the 2025-27 Biennium with funding of $43,155 being provided in each year of the 2025-27 Biennium from this budget account. The replacement system would largely be funded with one-time Highway Fund and General Fund appropriations, as well as cost allocation revenue

from fee-funded budgets that utilize the system. Although the positions in this budget account utilize the radio system, this cost allocation expenditure does not align with NDOT's projections included in The Executive Budget for this budget account. Accordingly, Fiscal staff requests authority to enter technical adjustments to reflect cost allocation expenditures of $35,853 in FY 2026 and $37,620 in FY 2027 to align the expenditure authority with NDOT's projected costs in the 2025-27 Biennium.

5. Safety Training (E310, DMV 58): The Governor recommends Highway Fund appropriations of $1,000 in each year of the 2025-27 Biennium for firearms safety training courses. However, this enhancement decision unit adds Highway Fund appropriations to fund the expenditures instead of appropriately using reserve reductions. To correct this error, Fiscal staff recommends a technical adjustment to decrease Highway Fund appropriations by $1,000 and increase reserve reductions by a corresponding amount in each year of the 2025-27 Biennium.

6. Equipment Replacement (E710, DMV-58): The Governor recommends Pollution Control Fee revenue of $44,620 in FY 2026 and $32,749 in FY 2027 for the replacement of computer hardware and associated software, fax machines, cameras, smartphones, and scanners. However, this enhancement decision unit adds Pollution Control Fee revenue to fund the expenditures instead of appropriately using reserve reductions. To correct this error, Fiscal staff recommends a technical adjustment to decrease Highway Fund appropriations by $77,369 and increase reserve reductions by a corresponding amount over the 2025-27 Biennium.

7. Equipment Maintenance for Tasers (E716, DMV-59): The Governor recommends Pollution Control Fee revenue of $15,180 in each year of the 2025-27 Biennium for maintenance of taser equipment. However, this enhancement decision unit adds Pollution Control Fee revenue to fund the expenditures instead of appropriately using reserve reductions. To correct this error, Fiscal staff recommends a technical adjustment to decrease Highway Fund appropriations by $30,360 and increase reserve reductions by a corresponding amount over the 2025-27 Biennium.

8. Equipment Maintenance for Printers (E717, DMV 59): The Governor recommends Pollution Control Fee revenue of $1,463 in FY 2026 and $836 in FY 2027 for maintenance agreements for high-usage printers. However, this enhancement decision unit adds Pollution Control Fee revenue to fund the expenditures instead of appropriately using reserve reductions. To correct this error, Fiscal staff recommends a technical adjustment to decrease Highway Fund appropriations by $2,299 and increase reserve reductions by a corresponding amount over the 2025-27 Biennium.

Fiscal staff recommends Other Items 1 through 3 be closed as recommended by the Governor, Other Closing Item 4 be closed with the technical adjustment to reflect correct cost allocation expenditures to align the expenditure authority with the Nevada Department of Transportation's projected costs for the Nevada Shared Radio System replacement project, Other Closing Items 5 through 8 be closed with the noted technical adjustments to fund expenditures with reserve reductions, and provide Fiscal staff with authority to make technical adjustments to provide this budget with an ending reserve not to exceed $1.0 million in each year of the 2025-27 biennium, as required by NRS 445B.830(6), and any other necessary technical adjustments.

Additional Information – No Action Necessary

2025 Legislation:

Assembly Bill 545, as introduced, would increase emission compliance certificate fees. The bill was referred to the Committee on Ways and Means on March 31, 2025.

Adjustments to Revenue & Expenditures				
Cat	Description	Reason for Adjustment	FY 2026	FY 2027
			Gov Rec	Gov Rec
Sub-total Revenues			0	0
Sub-total Expenditures			0	0
Total Revenue Adjustments			0	0
Total Expenditure Adjustments			0	0
Total Change in FTE			0.00	0.00
Grand Total General Fund Impact of Closing Changes			0	0
Grand Total Highway Fund Impact of Closing Changes			0	0

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Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
GENERAL FUND	1,195,178	24,355	(97.96)	36,849	51.30	38,029	3.20
HIGHWAY FUND	9,537,423	10,077,240	5.66	26,572,033	163.68	26,164,142	(1.54)
INTERIM FINANCE	453,383						
OTHER FUND	49,048,338	50,195,527	2.34	53,186,138	5.96	54,575,952	2.61
INTERAGENCY TRANSFER				7,743,161		8,139,358	5.12
BALANCE FORWARD		699,632					
REVERSIONS	(1,129,102)						
Total Revenues	59,105,220	60,996,754	3.20	87,538,181	43.51	88,917,481	1.58
Total FTE		743.00		831.00[1]		831.00[1]	

[1] The FY 2026 and FY 2027 FTE counts included a net increase of 88 positions transferred into this budget account as part of the departmentwide reorganization discussed in the Director's Office budget account (BA 4744).

Overview

The Department of Motor Vehicles (DMV), Field Services Division is responsible for the direct customer service operations of the driver's licensing and vehicle registration functions. The division serves customers at facilities in Carson City; the Las Vegas area at Decatur, Donovan, Henderson, Sahara, and West Flamingo; in Reno at Double Diamond Parkway; and Elko, Ely, Fallon, Hawthorne, Laughlin, Mesquite, Pahrump, Tonopah, Winnemucca, and Yerington. Limited services are also provided by several county assessors, recorders, and clerks; emission stations throughout the state; and American Automobile Association (AAA) offices in the Las Vegas and Reno areas. Limited General Fund appropriations are included in this budget account for the Motor Voter program.

Major Closing Issues

None

Other Closing Items

			FY 2026			FY 2027		
Other Closing Items	**Category**	**Description of Decision Unit**	**General Fund**	**Highway Fund**	**Other Funds**	**General Fund**	**Highway Fund**	**Other Funds**
1	EQUIPMENT REPLACEMENT	Replacement of computer hardware and associated software, scanners, fax machines, radios, credit card readers, vision testers, and shredder (E710, DMV-84).	$ -	$ 698,904	$ -	$ -	$ 851,791	$ -

2. Reclassification of Two Program Officer Positions (E806, DMV-85): The Governor recommends Highway Fund appropriations of $17,930 and Motor Vehicle Governmental Services Tax Commissions revenue of $55,287 over the 2025-27 Biennium for the reclassification of two Program Officer 1 positions (Grade 31) to Program Officer 3 positions (Grade 35), to align with the increased responsibilities of the Commercial Driver License Third Party program. However, The Executive Budget includes increases in Motor Vehicle Governmental Services Tax Commissions revenue. Fiscal staff recommends a technical adjustment to decrease Motor Vehicle Governmental Services Tax Commissions revenue of $55,287 and increase Highway Fund appropriations by corresponding amounts over the 2025-27 Biennium.

3. Base Budget Technical Adjustments (BASE, DMV-82): The Governor recommends General Fund appropriations of $36,849 in FY 2026 and $38,029 in FY 2027 for voter registration expenses. However, voter registration expenses total $35,590 in each year of the 2025-27 Biennium. Fiscal staff recommends a technical adjustment to decrease General Fund appropriations by $1,259 in FY 2026 and $2,439 in FY 2027 and increase Highway Fund appropriations by a corresponding amount.

   On April 4, 2025, the DMV provided updated revenue projections for Governmental Services Tax Commission and Penalties and Agreement Income revenue. The updated revenue projections are reflected in the closing adjustments for this budget, which decreased Highway Fund appropriations in this budget account by $1.1 million in FY 2026 and $907,512 in FY 2027.

4. Mesquite and Yerington Lease Enhancements (BASE, DMV-82): On April 17, 2025, the Governor's Finance Office and the DMV requested increases in the non-Buildings and Grounds rent charged to the DMV for the Mesquite and Yerington field offices. For the Yerington location, the DMV indicates that additional space is required as customers who attend in person have to wait in a line outside of the building. In addition, the location in Mesquite, which the department indicated is not a sufficient size to operate with current staff and customers, has a lease that is expiring, and the lessor is raising the cost per square foot significantly. Rather than renewing the lease for an insufficient space for increased cost, the department requests to relocate the facility to another location in Mesquite with more space. If approved, total Highway Fund appropriations of $183,769 over the 2025-27 Biennium would be required for the lease changes at the two offices.

Fiscal staff recommends Other Closing Item 1 be closed as recommended by the Governor, Other Items 2 and 3, be closed with the noted technical adjustments, Other Closing Item 4 be approved for the Mesquite and Yerington lease enhancements as requested by the Governor's Finance Office and the DMV, and provide Fiscal staff with the authority to enter technical adjustments, as necessary.

The following decision units and associated budget amendments along with the associated departmentwide reorganization are discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

E225, E805, E901, E903 (DMV-84-87), Budget Amendment A253564735, and Budget Amendment A256114735

Additional Information – No Action Necessary

Update on Customer Counts and Wait Times at the Six Major DMV Field Offices

The Governor recommends total funding of $66.7 million in FY 2026 and $71.3 million in FY 2027 to fund 743 positions and associated costs in the base budget for this budget account in the 2025-27 Biennium, which supports the operations of the DMV field offices. As the state recovered from the COVID-19 pandemic and the DMV resumed operations, the department largely utilized an appointment-based system at its six major DMV field offices. The department continues to rely heavily on an appointment-based system as part of its Department Transformation Effort project which aims to provide customer service with an emphasis on enabling Nevada residents to conduct most DMV transactions online.

The department transitioned to a largely appointment-based model and ended most walk-in services at the six major DMV field offices beginning in August 2022 due to staffing shortages and high customer demand. The six major DMV field offices include the Decatur, Flamingo, Henderson, and Sahara field offices located in Southern Nevada, and the Reno and Carson City field offices in Northern Nevada.

Field Office Customers Served: The department continues to maintain the appointment-based model for DMV transactions at its six major field offices. Limited services are available without an appointment including vehicle movement permits, license plate drop off, past-due debt payment, registration renewal, or vehicle identification number inspection. To provide perspective on the number of customers served by the DMV at its field office locations, the following table provides the calendar year (CY) customer counts for walk-in customers and those with appointments at the six major DMV field offices from January 2021 through December 2024:

Customer Counts at the Six Major DMV Field Offices (Thousands)												
CY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2021	82.5	84.4	113.3	117.3	112.9	124.3	114.4	121.8	117.5	110.3	102.7	102.7
2022	106.0	105.9	122.0	110.7	105.0	107.1	101.2	104.5	94.8	90.1	86.4	92.3
2023	93.6	89.3	105.9	96.8	100.6	101.2	96.1	110.9	99.9	96.3	87.3	97.8
2024	N/A	N/A	N/A	N/A	90.4	83.8	85.8	89.8	81.8	83.5	71.6	83.7

Source: DMV monthly customer and wait time reports.
N/A: DMV field offices were in the testing phase of a new customer queuing system between January 2024 through April 2024, wherein incomplete information was available.

On average, the number of customers served at the six major DMV field offices has decreased since the department's transition to the appointment model in August 2022 and the increased number of transactions available online as a result of the department's transformation effort project system modernization. Approximately 588,245 total customers were served in these six offices in the last six months of CY 2023, and in the last six months of CY 2024 approximately 496,187 customers were served (15.6% decrease) as the department continued the largely appointment-based services in the six major field offices along with the implementation of a new customer queuing system in April 2024. The new customer queuing system provides a cloud-based solution that will integrate with the DMV's ongoing system modernization effort and provides scalability for future growth and demand.

Walk-in Customers Served: The DMV provided wait times for walk-in customers at the six major field offices after the transition to appointment only, which is provided in the following table. The DMV indicates offices allow walk-in customers Monday through Friday for vehicle movement permits, license plate surrenders, vehicle inspections, and Americans with Disabilities Act customers. The table reflects a decrease in wait times from July 2023 through December 2024, possibly attributed to the reduced number of walk-in customers accepted due to the increased number of transactions available online as a result of the department's transformation effort project system modernization:

Walk-In Wait Times at the Six Major DMV Field Offices (Minutes)												
CY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2021	10	9	15	14	18	34	42	38	44	41	46	38
2022	42	41	51	42	16	49	50	40	32	35	33	28
2023	26	29	25	23	18	29	33	44	39	44	43	40
2024	N/A	N/A	N/A	N/A	50	74	82	19	21	22	26	27

Source: DMV monthly customer and wait time reports.
N/A: DMV field offices were in the testing phase of a new customer queuing system between January 2024 through April 2024, wherein incomplete information was available.

Customers With Appointments Served: The DMV provided wait times for customers with appointments at the six major field offices, which is provided in the following table. Wait times reflected for customers with appointments are calculated from the time the customer checks in at the information counter to the time the customer is called to the window and assisted by a DMV Services Technician.

Appointment Wait Times at the Six Major DMV Field Offices (Minutes)												
CY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2021	10	11	15	14	15	28	17	13	14	14	15	13
2022	13	13	16	17	15	17	19	18	19	21	20	17
2023	14	17	15	15	17	19	20	19	20	23	27	27
2024	N/A	N/A	N/A	N/A	34	36	39	40	45	45	45	44

Source: DMV monthly customer and wait time reports.
N/A: DMV field offices were in the testing phase of a new customer queuing system between January 2024 through April 2024, wherein incomplete information was available.

Wait times reflected for customers with appointments have increased in the past seven months, from June 2024 through December 2024, averaging a wait time of 42 minutes compared to a wait time of 22 minutes for the same period in CY 2023. The DMV has implemented a new process to allow customers to make appointments on Tuesday evenings for Wednesday of the same week, which has eliminated the need for customers to stand in long lines with long wait times. The DMV indicates that the new process has resulted in a more streamlined and manageable experience for both customers and staff, reducing stress for all involved.

During the budget hearing on February 20, 2025, the department stated several factors contributing to the reduction in customers served at the six major DMV field offices, primarily due to the expansion of online services that eliminate the need for in-person visits. Services such as registration renewals, driver license renewals, address changes, driver history printout, insurance update and verifications, and moving permits were already available online. Recent additions, including Rapid Registration, Turbo Titles pilot services for dealers and private-party transactions, Compliance Enforcement Division case management and identity theft complaints, have further reduced in-person demand.

The implementation of a new queuing system has also played a role, allowing customers to cancel or reschedule appointments, thereby opening more slots for others. This system, launched in April 2024, has significantly improved customer service by reducing the appointment no-show rate (previously 40% to 50%) and decreasing the average wait time to schedule an appointment from 90 days to approximately 25 days in metro offices and 6 days in rural offices. To further manage and reduce walk-in wait times, the department has introduced a modified walk-in day on Wednesdays with last-minute appointment availability, by opening the customer queue system the immediately preceding Tuesday at 8:00 a.m., allowing customers to book next-day appointments. Additionally, current wait times for walk-in customer is approximately 31 minutes. In CY 2023, the average wait time, from check-in to counter service, was 19 minutes However, in recent months, this has increased to 40 to 45 minutes due to several factors, including the transition to the new WaitWell queuing system, which has changed how data and wait times are tracked. Currently, wait time is measured from the moment a customer texts to indicate arrival, up to 30 minutes before the appointment, until they are called to a service window. At that point, the transaction time begins and continues until the DMV Services Technician completes the service and marks it as complete. This updated queuing system offers more precise time tracking and supports more targeted service improvements compared to the previous vendor system.

Silverado Ranch Facility Project

The 82nd (2023) Legislature approved a Capital Improvement Program (CIP) project, to construct a new full-service DMV field office with Commercial Driver License services located on the southeast corner of Silverado Ranch Boulevard and Valley View Boulevard in Las Vegas. The new 73,488 square-foot full-service DMV facility with Commercial Driver License services will replace and combine the services provided at the Henderson DMV field office and the Donovan Commercial Driver License facility in North Las Vegas. The DMV Deputy Director indicated during the department's pre-session budget hearing on January 28, 2025, that project construction is well underway with a projected completion date of May 2026. The DMV indicated it would utilize a moving company to move the Henderson and Donovan locations. The department indicates there may be an increase in rent charged to the DMV Field Services budget account for the new Silverado Ranch facility. However, increased rent is not included in the budget account as the rent schedule has not yet been completed for this facility.

The new Silverado Ranch facility move will consolidate operations from the Henderson and Donovan locations, which face parking and building structural challenges, including Americans with Disabilities Act compliance issues. The consolidation will create room for growth and improved customer service. During the transition, appointment availability will be adjusted to minimize customer impact by blocking days in advance or offering alternative locations for appointments.

2025 Legislation

Assembly Bill 20 (83rd [2025] Legislative Session), as introduced, would authorize the imprinting of individualized symbols or codes for different medical conditions on driver licenses or identification cards and would provide for the use of electronic mail for certain communications concerning liability insurance. The bill was amended in the Assembly Committee on Growth and Infrastructure.

Adjustments to Revenue & Expenditures

Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

DECISION UNIT: B000				
Cat	**Description**	**Reason for Adjustment**	**FY 2026**	**FY 2027**
00	HIGHWAY FUND	Updated DMV revenue projections.	(1,091,956)	(907,512)
00	OTHER FUND	Updated DMV revenue projections.	1,091,956	907,512
Sub-total Revenues			0	0
Sub-total Expenditures			0	0

Total Revenue Adjustments	0	0
Total Expenditure Adjustments	0	0
Total Change in FTE	9.00	9.00
Grand Total General Fund Impact of Closing Changes	0	0
Grand Total Highway Fund Impact of Closing Changes	(1,091,956)	(907,512)

Title: DMV - MOTOR CARRIER DIVISION **Budget Page:** DMV-89, **Volume III**

Account: 201 - 4717

Revenues	**FY 2024 Actual**	**FY 2025 WP**	**% Chg**	**FY 2026 GOV REC**	**% Chg**	**FY 2027 GOV REC**	**% Chg**
HIGHWAY FUND	1,994,196	2,068,477	3.72	4,756,598	129.96	4,825,244	1.44
OTHER FUND	2,787,174	2,924,966	4.94	2,962,937	1.30	3,039,870	2.60
INTERAGENCY TRANSFER	381	517	35.70	517		517	
BALANCE FORWARD	42,298	11,017	(73.95)				
REVERSIONS	(194,681)						
Total Revenues	4,629,368	5,004,977	8.11	7,720,052	54.25	7,865,631	1.89
Total FTE		50.00		69.00[1]		69.00[1]	

[1] The FY 2026 and FY 2027 FTE counts include 18 net positions transferred into this budget account as part of the departmentwide reorganization discussed in the Director's Office budget account (BA 4744).

Overview

The Motor Carrier Division of the Department of Motor Vehicles (DMV) is responsible for ensuring compliance with Nevada's fuel tax laws for special fuel and motor fuel suppliers and motor carriers, and for the collection of special fuel taxes. In addition, the division is responsible for the collection of registration fees and governmental service tax for licensing of vehicles in excess of 26,000 pounds. Also included in the Motor Carrier Division are the International Registration Plan and the International Fuel Tax Agreement activities. The International Registration Plan is a repayment agreement whereby a motor carrier pays all vehicle registration taxes and fees to the base jurisdiction for all participating jurisdictions based on the percent of travel claimed in each jurisdiction. The International Fuel Tax Agreement program is an agreement for the uniform collection and distribution of fuel use tax revenues. Funding for the Motor Carrier Division is primarily provided through Highway Fund appropriations, Governmental Services Tax Commissions, and commission fees associated with the collection of motor fuel taxes, petroleum clean-up fees, and inspection fees assessed upon the refining and/or importing of fuel.

Major Closing Issue

One New Auditor Position

One New Auditor Position (E300, DMV-91)

Recommendation: The Governor recommends Highway Fund appropriations of $45,921, Motor Vehicle Governmental Services Tax Commission revenues of $121,099, and other revenues of $2,355 over the 2025-27 Biennium for one new Auditor position (Grade 34) and associated expenditures.

Summary of Issue: The DMV indicates the new Auditor position, located in Carson City, would assist with conducting required International Fuel Tax Agreement and International Registration Plan audits. If the position is approved, it would assist in meeting the minimum state requirement of completing annual audits on 3.0% of its International Fuel Tax Agreement and the International Registration Plan registered accounts.

Details Provided During the Subcommittee Hearing: As a member of the International Fuel Tax Agreement and the International Registration Plan, the DMV reallocates fuel taxes and motor carrier vehicle registration fees based on road miles traveled within Nevada and other jurisdictions (states and Canadian provinces). As part of these agreements, the DMV is required to audit at least an average of 3.0% of Nevada-registered accounts annually (to provide audits on 15.0% of its registered accounts over a five-year period) and complete a peer review every five years.

The DMV indicates its International Registration Plan Peer Review will be conducted in June 2025, and the International Fuel Tax Agreement audit peer review period will end December 31, 2025, at which time the DMV indicates it may be found out of compliance with audit standards. The DMV indicated it is currently 43 audits short of the required audits of 15.0% of its Nevada-registered accounts over five years for the International Registration Plan. Continued non-compliance could lead to monetary sanctions and, ultimately, suspension from participation in the International Registration Plan, including the ability to have DMV staff serve as Board and Service Committee members. Similar requirements and consequences for non-compliance apply to participation in the International Fuel Tax Agreement. According to the department, suspension from these agreements would decrease or eliminate tax revenues that Nevada receives from other states and Canadian provinces for trucks that use Nevada roads but are not registered in Nevada.

The department projects a 3.0% calendar year annual increase in registered accounts over the 2025-27 Biennium, reaching 2,981 International Fuel Tax Agreement and 2,879 International Registration Plan accounts for calendar year 2025, and 3,070 International Fuel Tax Agreement and 2,965 International Registration Plan accounts for calendar year 2026. Furthermore, the DMV expects a higher percentage increase in future years, as some businesses have indicated they will re-register and re-license in the state as the economy rebounds from the COVID-19 pandemic. The following table provides an overview of the actual audit workload in recent calendar years and the estimated audit workload for the 2025-27 Biennium, the number of audits the department indicates it can perform with current staff of five Auditors, and the number of audits that are estimated not to be performed. Based on information provided, it appears that the DMV may not be in compliance with the required 3.0% audit threshold, potentially falling short by 19 audits for calendar year 2025 and 25 audits in calendar year 2026.

Audits Completed and Projected with Current Auditor Staff

Calendar Year	International Fuel Tax Agreement					International Registration Plan					TOTAL	
	IFTA Accounts	% Change	Audits for 3% of Accounts	Audits Completed	Audits Not Complete	IRP Accounts	% Change	Audits for 3% of Accounts	Audits Completed	Audits Not Complete	Audits Completed	Audits Not Completed
2022 (Actual)	2,164	N/A	65	48	17	2,480	N/A	74	56	18	104	35
2023 (Actual)	2,806	29.7%	84	43	41	2,876	16.0%	86	66	20	109	61
2024 (Actual)	2,895	3.2%	87	72	15	2,796	-2.8%	84	84	0	156	15
2025 (Projected)	2,981	3.0%	89	72	17	2,879	3.0%	86	84	2	156	19
2026 (Projected)	3,070	3.0%	92	72	20	2,965	3.0%	89	84	5	156	25

The department indicates after training of one year, Auditors are able to perform audits independently. In addition, Auditors are required to travel to businesses to review records and complete audits. However, some audits may be conducted virtually through processing of electronic records, if available and allowed by the businesses. Based on the information provided by the department, one additional Auditor should be able to address the incomplete audits after one year of training.

Hearing Discussion and Post-Hearing Update/Information: During the budget hearing on February 20, 2025, the department indicated that staff retirements and vacancies within the Audit Unit have contributed to its inability to meet the minimum audit requirements necessary for compliance with the International Fuel Tax Agreement and the International Registration Plan. While the unit is now fully staffed, it takes time to train new auditors on the various types of audits. Currently, a single experienced auditor is responsible for both conducting audits and training new staff, which further limits audit capacity. If the department is found to be out of compliance during an audit peer review, it would be required to formally respond with a corrective action plan. Additionally, non-compliance may result in consequences, including loss of voting rights, sanctions, or the withholding of funds by other jurisdictions.

According to the department, to maintain compliance with the International Fuel Tax Agreement and the International Registration Plan requirements, with the anticipated growth in registered accounts, one additional Auditor position would allow the DMV to improve capacity to meet the 3.0% annual audit requirement. The additional auditor position would allow the Audit Supervisor to more effectively monitor monthly audit completions, ensure coverage of all required accounts, realign audit type priorities, and align performance with the annual audit plan. If necessary, the department may also consider using temporary staff to fulfill audit requirements. However, it has not utilized temporary contract staff in over 15 years, and the DMV indicates investing time and resources in the training of a full-time state position, as opposed to that of a contract auditor, would be more advantageous to the department. The addition of a new Auditor would reduce the likelihood of needing temporary contract support and better position the department to maintain full audit compliance going forward.

The Executive Budget indicates the new Auditor position would be funded with a mix of Highway Fund appropriations and additional funding from other revenue sources; however, the department indicates no additional revenue would be generated by this position. To reflect the correct funding source for the new position if this item is approved, Fiscal staff recommends a technical adjustment to decrease Motor Vehicle Governmental Services Tax Commission revenues by $121,099, other revenues by $2,355, and increase Highway Fund appropriations by $123,454 over the 2025-27 Biennium.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of one new Auditor position and associated expenditures, as recommended by the Governor, inclusive of the technical adjustment to revise the funding source for the position, for total Highway Fund appropriations of $169,375 over the 2025-27 Biennium, inclusive of the technical adjustment?

Other Closing Items

			FY 2026	FY 2027
Other Closing Items	**Category**	**Description of Decision Unit**	**Highway Fund**	**Highway Fund**
1	REPLACEMENT EQUIPMENT	Replacement of computer hardware and associated software in accordance with the Office of the Chief Information Officer's recommended replacement schedule. (E710, DMV-92)	$ 27,352	$ 62,659
2		Maintenance agreements for high-usage replacement printers. (E716, DMV-92)	$ 1,254	$ -

3. Adjusted Base Budget Issue (BASE, DMV-89-90): In the base budget, the Governor recommends cost allocation revenue of $768,573 in FY 2026 and $780,389 in FY 2027 for the cost to administer the collection of motor fuel tax revenue for local governments. This revenue, along with Highway Fund appropriations, funds the costs in this budget account associated with the collection of fuel industry-related fees. On April 16, 2025, the DMV provided updated cost allocation revenue projections, which reflected an increase in this revenue of $176,400 in FY 2026 and $246,353 in FY 2027, with a corresponding decrease in Highway Fund appropriations.

   On April 4, 2025, the DMV provided updated revenue projections for International Fuel Tax Agreement license fees and Motor Carrier Governmental Services Tax Commission revenues. Fiscal staff recommends technical adjustments to reflect these updated revenue projections, which are reflected in the closing adjustments for this budget below, and increase Highway Fund appropriations in this budget by $309,081 in FY 2026 and $317,066 in FY 2027. Additionally, Fiscal staff recommends technical adjustments to reflect updated Reimbursements and Prior Year Refunds revenue projections, which are reflected in the closing adjustments for this budget below and decrease Highway Fund appropriations in this budget by $10,991 in each year of the 2025-27 Biennium.

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

The following decision units and associated budget amendment, along with the associated departmentwide reorganization, are discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

E900, E901, E902 (DMV-92-94) and Budget Amendment A252984717

Additional Information – No Action Necessary

None

Adjustments to Revenue & Expenditures

Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

DECISION UNIT: B000

Cat	Description	Reason for Adjustment	FY 2026	FY 2027
00	HIGHWAY FUND	Updated DMV fuel tax administration collection projections.	(176,400)	(246,353)
00	HIGHWAY FUND	Updated DMV revenue projections.	298,090	306,075
00	OTHER FUND	Updated DMV fuel tax administration collection projections.	176,400	246,353
00	OTHER FUND	Updated DMV revenue projections.	(298,090)	(306,075)
Sub-total Revenues			0	0
Sub-total Expenditures			0	0

Total Revenue Adjustments	0	0
Total Expenditure Adjustments	0	0
Total Change in FTE	(18.00)	(18.00)
Grand Total General Fund Impact of Closing Changes	0	0
Grand Total Highway Fund Impact of Closing Changes	121,690	59,722

Title: DMV - COMPLIANCE ENFORCEMENT **Budget Page:** DMV-47, **Volume III**

Account: 201 - 4740

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
HIGHWAY FUND	7,652,380	7,652,419	0.00	8,133,188	6.28	8,253,040	1.47
OTHER FUND	93,789	90,472	(3.54)	93,246	3.07	93,246	
INTERAGENCY TRANSFER	563,089	353,062	(37.30)	401,753	13.79	403,117	0.34
BALANCE FORWARD	358,115	194,751	(45.62)				
Total Revenues	8,667,373	8,290,704	(4.35)	8,628,187	4.07	8,749,403	1.40
Total FTE[1]		84.00		68.00[1]		68.00[1]	

[1]The FY 2026 and FY 2027 FTE counts include a reduction of 16 positions due to a transfer of 18 positions out of this budget account as part of the departmentwide reorganization discussed in the Director's Office budget account (BA 4744) offset by an increase of 2 new positions recommended in The Executive Budget.

Overview

The Compliance Enforcement Division is the regulatory arm of the Department of Motor Vehicles (DMV) and provides regulation for the Salvage/Wreckers/Body Shops and Emission Control programs. The primary purpose of the Compliance Enforcement Division is to support the activities of division investigators regulating the automobile industry as it relates to the sale or transfer of ownership of vehicles. Primary funding for DMV Compliance Enforcement is provided through Highway Fund appropriations, fingerprint fees for occupational and business licensing, and cost allocation revenue from the Motor Vehicle Pollution Control budget account (BA 4722).

Major Closing Issue

Two New Compliance/Enforcement Investigator Positions

Two New Compliance/Enforcement Investigator Positions (E307, DMV-51-52)

Recommendation: The Governor recommends Highway Fund appropriations of $451,873 over the 2025-27 Biennium for two new Compliance/Enforcement Investigator positions and associated expenses.

Summary of Issue: The DMV indicates the two new Compliance/Enforcement Investigator positions (Grade 39), one for the Flamingo field office and one for the Sahara field office in Las Vegas, would assist with investigating vehicle fraud and criminal activity. If these two additional positions are approved, Compliance/Enforcement Investigators would also assist at the Office of Administrative Hearings through a rotated assigned post.

Details Provided During the Subcommittee Hearing: The DMV indicates Compliance/Enforcement Investigator positions investigate, monitor, and enforce state and federal laws and regulations related to motor vehicles. These positions would initiate investigations following a formal complaint, suspected violation, or during routine patrol, inspection, or surveillance activities. The positions would also conduct interviews with sources to obtain information regarding violations or non-compliance, develop case files and maintain case logs and reports, gather evidence, and conduct background investigations. The positions would also provide witness testimony in administrative or criminal court hearings and would provide assistance at the Office of Administrative Hearings to maintain a secure work environment for staff at that office.

If approved, these 2 additional investigator positions would increase the number of positions responsible for vehicle fraud and criminal activity from 16 (3 Supervisory Compliance/Enforcement Investigator positions, 13 Compliance/Enforcement Investigator positions) to 18 total across the state. The department indicates the increase in case counts and stolen vehicle recoveries along with associated personnel hours to accomplish these tasks has resulted in an increased workload for current Compliance/Enforcement Investigator positions. Additionally, the department has identified a permanent post necessary at the Office of Administrative Hearings to increase public safety to implement immediate preventative measures against violence, should incidents occur.

The department reports that the methods used to mask and sell stolen vehicles have become more sophisticated, resulting in an increase in personnel hours required to investigate vehicle crimes and close cases. The following table outlines the number of stolen vehicle recoveries over the past four fiscal years, including year-to-date data for FY 2025:

Stolen Vehicle Recoveries by Fiscal Year			
Fiscal Year	**Stolen Vehicle Recoveries**	**Personnel Hours Recorded on Stolen Vehicle Recovery**	**Increase in Personnel Hours**
2021	56	347	
2022	64	452	30.4%
2023	72	635	40.5%
2024	72	658	3.5%
2025 (YTD)[1]	69	1,071	62.9%

[1] Equipment purchases in FY 2024 enhanced the efficiency for stolen vehicle recoveries, which led to a projected increase in stolen vehicle recovery rates while requiring only a minimal increase in personnel hours.

Additionally, the department attributes the increase in personnel hours for FY 2025 to the growing complexity of fraud and criminal activity cases. While both personnel hours and case complexity have risen, the number of stolen vehicle recoveries has remained stable and is projected to increase in FY 2025. The following table provides historical fraud and criminal activity case counts for the two previous fiscal years, including year-to-date data for FY 2025. Due to the increased complexity of fraud and criminal activity cases, the department does not include administrative, non-criminal compliance case counts, typically investigated by non-sworn investigators, in its statistics or the information in the table.

Fraud and Criminal Activity[1] Case Count by Fiscal Year		
Fiscal Year	**Total Case Load**	**Case Load per Investigator**
2023	3,884	243
2024	3,983	249
2025 (YTD) [2]	2,768	260

[1] Administrative Non-Criminal Compliance case counts are not included in the Fraud and Criminal Activity case count.

[2] The FY 2025 Total Case Load represents the year-to-date total. The Case Load per Investigator is a projected figure, estimating the case load for each investigator for the entire Fiscal Year 2025.

According to the DMV, there is consistently a backlog of approximately 60 cases that are over 120 days old and approximately 40 unassigned cases that exceed the allowable case load for assignment to Compliance/Enforcement Investigator positions. Once investigators close a case, the unassigned cases are distributed among the 16 investigators, with each investigator assigned approximately 20 to 40 cases on a revolving basis. The addition of the 2 new Compliance/Enforcement Investigator positions would assist with reducing the backlog while providing the agency with the necessary resources to address the increase in complaints, vehicle fraud, and criminal activity, as well as enhance public safety and protection at the DMV's Office of Administrative Hearings.

According to the department, a Compliance/Enforcement Investigator position would be assigned a rotating daily shift, Monday through Thursday, at the DMV's Office of Administrative Hearings. This position would be responsible for basic courtroom security, including person-searches, and ensuring the safety of all courtroom participants during all in-person hearings. The investigator would patrol the courtroom, office lobby, hallways, and surrounding areas to monitor for unauthorized visitations, and respond promptly to security incidents when needed. Although incidents in the Office of Administrative Hearings are not currently tracked, there have been instances of aggressive or threatening behavior, prompting requests for Compliance Enforcement Division presence. It has also been suspected that a petitioner was carrying a weapon during a hearing. To address these security concerns, the DMV would assign an investigator to increase security presence. This law enforcement position would allow for the immediate de-escalation and neutralization of any situation, without the need to contact other law enforcement personnel as would be needed if the post was monitored by third-party security. The department indicates that Pollution Control cases constitute a small portion of hearings, with approximately one case per month. As a result, a cost allocation for Pollution Control fees would be minimal.

Hearing Discussion and Post-Hearing Update/Information: During the budget hearing on March 21, 2025, the department indicated the request for two new Compliance/Enforcement Investigator positions is in response to a 23% increase in stolen vehicle recoveries from FY 2021 to FY 2025, year-to-date, accompanied by an approximate 63% increase in personnel hours associated with these cases from FY 2024 to FY 2025, year-to-date. The DMV indicated this reflects an increase in both the volume and complexity of cases. As an example, the department noted a recent investigation that involved executing a search warrant at an illegal salvage operation, where officers processed approximately 100 vehicles, towed a 40-ton vehicle crusher, and required the presence of 15 investigators for an entire day. Despite the scale of this operation, the DMV recorded this as a single case, illustrating the depth and complexity of certain investigations.

The department collaborates with local law enforcement agencies, including the Las Vegas Metropolitan Police Department's VIPER Auto Theft Task Force, to maximize efficiency in vehicle theft investigations. The division also runs an enforcement program targeting expired plates and tags, which is often associated with lack of insurance and suspended licenses. Due to limited staffing, enforcement is carried out in coordination with the Nevada Highway Patrol and local law enforcement agencies, based on availability. The addition of two Compliance/Enforcement Investigator positions would enhance capacity to address these issues, reduce the existing case backlog, and allow for the immediate assignment of aged or queued cases.

One of the requested Compliance/Enforcement Investigator positions would also support the DMV's Office of Administrative Hearings, where hearings are conducted at conference tables in judges' offices, placing all parties in close proximity, posing potential safety risks. The Office of Administrative Hearings has requested dedicated security coverage from Compliance/Enforcement Investigators due to specific incidents and general concerns. Currently, a Compliance/Enforcement Investigator is assigned to remain on-call for in-person hearings, requiring daily reallocation of investigators from their regular duties with minimal notice. This creates operational challenges, particularly when investigators must travel from other locations or are pulled from their caseloads to respond immediately. The department would rotate this duty among Compliance/Enforcement Investigator positions, with each employee assigned to the Office of Administrative Hearings one day per month, allowing them to maintain their regular caseloads while fulfilling security/bailiff duties.

Regarding whether contract security could be utilized as opposed to a Compliance/Enforcement Investigator position, the department evaluated the use of contract security but determined it would not be a practical alternative. The DMV indicates contract security personnel are not trained, equipped, or authorized to intervene in escalating situations and would still require assistance from Compliance/Enforcement Investigator positions or Capitol Police Officers. This could delay the response in critical incidents. The department indicates based on experience at the Sahara DMV field office, Compliance/Enforcement Investigators provide a more effective deterrent and response than contract security. Additionally, there is currently no dedicated space at the Office of Administrative Hearings for a full-time security officer; however, a Compliance/Enforcement Investigator position could utilize an available workstation at the Sahara Compliance Enforcement Division office when not actively covering a hearing. The DMV also indicates holding hearings at other state buildings with security staff would be problematic since judges would be away from their workstations, documents, and support staff.

The DMV indicates the addition of two Compliance/Enforcement Investigator positions would address both the growing investigative workload and security concerns, offering a more effective and efficient solution than expanding contract security services.

Fiscal staff identified the following technical issues with the Governor's recommendation for two new Compliance/Enforcement Investigator positions as included in The Executive Budget:

- The new positions reflect an employer-pay retirement code. However, new positions should be assigned employee/employer-pay retirement code per the Governor's Finance Office Budget Building Manual.
- The new positions reflect an override Grade 39. However, the department indicates the default Grade 40 for these positions is correct and should not be changed to a Grade 39.
- The decision unit includes fleet services vehicles for each position, with an estimated mileage per year of 2,000 per month, per vehicle. However, the department requests an adjustment to reflect estimated mileage of 1,440 per month, per vehicle.
- The decision unit includes in-state travel costs of $5,590 in FY 2026 and $11,180 in FY 2027. However, the department indicates travel costs were included in error and requests an adjustment to eliminate the in-state travel costs.

If this decision unit is approved, Fiscal staff recommends a technical adjustment to revise the retirement codes, pay grades, monthly fleet services mileage, and in-state travel expenses, requiring increased Highway Fund appropriations of $5,706 over the 2025-27 Biennium.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend:

A. Approval of $451,873 in Highway Fund appropriations over the 2025-27 Biennium for two new Compliance/Enforcement Investigator positions and associated expenditures, as recommended by the Governor, and provide authority for Fiscal staff to enter the noted technical adjustments to revise the retirement code, pay grade, monthly fleet services mileage, and in-state travel expenses?

OR

B. Approval of $230,701 in Highway Fund appropriations over the 2025-27 Biennium for one new Compliance/Enforcement Investigator position and associated expenditures, for investigations, and provide authority for Fiscal staff to enter the noted technical adjustments to revise the retirement code, pay grade, monthly fleet services mileage, and in-state travel expenses?

OR

C. Approval of $230,701 in Highway Fund appropriations over the 2025-27 Biennium for one new Compliance/Enforcement Investigator position and associated expenditures, for the Hearings Office, and provide authority for Fiscal staff to enter the noted technical adjustments to revise the retirement code, pay grade, monthly fleet services mileage, and in-state travel expenses?

OR

D. Do not approve the Governor's recommendation for two new Compliance/Enforcement Investigator positions and associated expenditures.

Fiscal staff requests authority to enter technical adjustments, as necessary.

Other Closing Items

Other Closing Items	Category	Description of Decision Unit	FY 2026 Highway Fund	FY 2027 Highway Fund
1	EQUIPMENT REPLACEMENT	Replacement of computer hardware and associated software (E710, DMV-52).	$ 132,076	$ 127,831
2	EQUIPMENT MAINTENANCE	Maintenance for upgraded Axon Tasers purchased in FY 2024 (E305, DMV-50-51).	$ 24,840	$ 24,840
3	CONFERENCE REGISTRATION	Attendance to the annual American Association of Motor Vehicle Administrators Workshop & Law Institute and Identity Meeting (E304, DMV-50).	$ 700	$ 700
4	CONFERENCE REGISTRATION	Division Administrator attendance to the American Association of Motor Vehicle Administrators international conference (E303, DMV-50).	$ 600	$ 600
5	SOFTWARE RENEWAL	Annual renewal of global positioning system software (E302, DMV-49-50).	$ 414	$ 414
6	ANNUAL CONSORTIUM MEMBERSHIP	Annual U.S. Department of Transportation Consortium Membership fee (E306, DMV-51).	$ 163	$ 163

7. Firearm Safety Training (E300, DMV-49): The Governor recommends Highway Fund appropriations of $1,000 in each year of the 2025-27 Biennium for firearms safety training courses. However, the department indicates registration costs have increased from $250 to $300 per investigator, resulting in an increase of Highway Fund appropriations and corresponding expenditures of $200 in each year of the 2025-27 Biennium. Fiscal staff requests authority to enter a technical adjustment to increase firearms safety training expenses by $400 over the 2025-27 Biennium and increase Highway Fund appropriations by a corresponding amount.

8. Equipment Safety Training (E301, DMV-49): The Governor recommends Highway Fund appropriations of $3,312 in each year of the 2025-27 Biennium for equipment safety training courses. However, the department indicates registration costs should total $1,379 per fiscal year, resulting in a decrease of Highway Fund appropriations and corresponding expenditures of $1,933 in each year of the 2025-27 Biennium. Fiscal staff requests authority to enter a technical adjustment to decrease equipment safety training expenses by $3,866 over the 2025-27 Biennium and decrease Highway Fund appropriations by a corresponding amount.

9. Highway Fund Salary Adjustment Revenue (BASE, DMV-47-48): The Governor recommends Highway Fund Salary Adjustment revenue of $85,106 in each year of the 2025-27 Biennium to support personnel expenses. However, these funds were a temporary measure to fund salary increases approved by the 82nd (2023) Legislature over the 2023-25 Biennium. These funds should be replaced by Highway Fund appropriations. Fiscal staff requests authority to enter a technical adjustment to reduce Highway Fund Salary Adjustment revenue by $170,212 over the 2025-27 Biennium and increase Highway Fund appropriations by a corresponding amount.

   On April 4, 2025, the DMV provided updated revenue projections for Fingerprint fee revenue, which reflected decreased revenue of $4,306 in each year of the 2025-27 Biennium, with a corresponding adjustment in Fingerprint fee expenses, which are reflected in the closing adjustments for this budget below.

Fiscal staff recommends Other Closing Items 1 through 6 be closed as recommended by the Governor, Other Closing Items 7 through 9 be closed with the noted technical adjustments to firearms and equipment safety training expenses, Highway Fund Salary Adjustment revenue, and Fingerprint Fee revenue, and Fiscal staff requests authority to make other technical adjustments, as necessary.

The following decision unit and associated budget amendment along with the associated departmentwide reorganization are discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

E902 (DMV-52) and Budget Amendment A252774740

Additional Information – No Action Necessary
None

Adjustments to Revenue & Expenditures

Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

DECISION UNIT: B000				
Cat	**Description**	**Reason for Adjustment**	**FY 2026**	**FY 2027**
00	OTHER FUND	Updated DMV revenue projections.	(4,306)	(4,306)
28	FINGER PRINTING	Updated DMV revenue projections.	(4,306)	(4,306)
Sub-total Revenues			(4,306)	(4,306)
Sub-total Expenditures			(4,306)	(4,306)

Total Revenue Adjustments	(4,306)	(4,306)
Total Expenditure Adjustments	(4,306)	(4,306)
Total Change in FTE	18.00	18.00
Grand Total General Fund Impact of Closing Changes	0	0
Grand Total Highway Fund Impact of Closing Changes	0	0

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Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
HIGHWAY FUND	37,905,091	32,458,500	(14.37)	10,305,649	(68.25)	10,377,084	0.69
OTHER FUND	111	5,000	4404.50	1,000	(80.00)	1,000	
INTERAGENCY TRANSFER	132,808						
BALANCE FORWARD	220,818	2,730,969	1136.75				
REVERSIONS	(8,707)						
Total Revenues	38,250,121	35,194,469	(7.99)	10,306,649	(70.72)	10,378,084	0.69
Total FTE		29.00		28.00		28.00	

Overview

The Department Transformation Effort budget account was established to isolate the expenditures associated with the replacement of the Department of Motor Vehicles' (DMV) current Common Business Oriented Language mainframe and PowerBuilder computer system with a new integrated computer system. The Department Transformation Effort project is funded in the 2025-27 Biennium with Highway Fund appropriations and the Governor recommends Highway Fund appropriations continue to fund the project in the 2025-27 Biennium.

Major Closing Issues

Status Update and Continuation of the Department Transformation Effort

Discussion of Major Closing Issues

Status Update and Continuation of the Department Transformation Effort (SUMMARY & E301, DMV-23, 25)

Recommendation: The Governor recommends Highway Fund appropriations of $20.7 million and Technology Fee revenue of $2,000 over the 2025-27 Biennium to continue the DMV's Department Transformation Effort (DTE) to replace the department's existing computer system. It should be noted the Technology Fee is no longer collected, and this minor revenue is attributed to projected debt collections for transactions prior to FY 2021 when the fee was allowed to be collected.

Summary of Issue: The Governor recommends the continuation of the DMV's DTE in the 2025-27 Biennium with the following budget recommendations:

- Utilization of 28 state positions
- Utilization of 28 master service agreement (MSA) contract positions
- Continuation of contract and vendor service expenditures for system implementation
- Various operating and travel expenditures for system implementation

Details Provided During the Subcommittee Hearing: The department has spent $134.6 million on the DTE project from FY 2016 through FY 2025 year-to-date (excluding $3.2 million associated with issuing Technology Fee refunds in FY 2022 and FY 2023 and a $1.6 million transfer of excess Technology Fee revenue to the DMV Automation budget account in FY 2018).

Project Background

The 78th (2015) Legislature initially approved the Governor's recommendation to begin the replacement of the department's current Common Business Oriented Language mainframe and PowerBuilder system that was implemented in 1999. At that time, the department projected the system modernization project would require five years to implement (FY 2016 through FY 2020) for a total cost of $109.4 million. This projection was based on surveys of other states, conversations with vendors, and projected staffing needs. The DMV selected its initial vendor in FY 2016; however, in 2018, the DMV identified various issues with the vendor, terminated its vendor contract, and continued the project under the rebranded title of System Technology Application Redesign.

The 79th (2017) Legislature and the 80th (2019) Legislature approved the continuation of the project. The DMV completed various functionalities and tasks over the 2019-20 Interim, including enhancing the MyDMV web portal, implementing changes that allow driver licenses to be renewed online, beginning data cleansing, developing a baseline assessment and road map to determine future planning, and efforts to redesign the department's website.

The 81st (2021) Legislature approved the continuation of the project, which was renamed the Department Transformation Effort, or DTE. At that time, the department indicated the COVID-19 pandemic forced an adjustment to the project by focusing on the current challenges and the need for a virtual DMV field office, similar to those launched by the State of California's DMV. The department indicated the California DMV realized significant efficiencies by moving some business functions to a cloud services platform (hosted by Salesforce, which was designed and implemented by Slalom). The DMV indicated it would use a similar approach to incrementally implement a virtual field office over the following four years that would enable Nevada residents to conduct most of their DMV business online, which would also allow for telecommuting by DMV staff.

During the 82nd (2023) Legislative Session, the DMV estimated the project would require five years (FY 2022 through FY 2026) to implement for a total cost of $125.8 million. The 82nd (2023) Legislature approved Highway Fund appropriations of $73.0 million and Technology Fee revenue of $10,000 (attributed to projected debt collections for transactions prior to FY 2021) over the 2023-25 Biennium to continue the DTE project, with the following major items for the DTE:

- 29 full-time state positions, estimated to cost $6.0 million over the 2023-25 Biennium
- Various contractor and software costs, estimated to cost $53.7 million over the 2023-25 Biennium
- 31 MSA contractor positions, estimated to cost $11.5 million over the 2023-25 Biennium

To implement the project, the DMV indicated a change in approach from incrementally implementing a virtual field office over the four years to a unified release. The project road map identified the following updated strategic initiatives that would be addressed over:

1. Program Organization
2. Compliance Enforcement
3. Data Migration
4. Finance and Accounting
5. Driver Licensing/Credentialing
6. Titling/Registration

During the 2023-24 Interim, the department submitted semi-annual reports on the status of the DTE project as required by a letter of intent approved by the Chairs of the 2023 money committees. The semi-annual reports submitted by the department on the activities of the DTE indicate the following progress on the project:

- Compliance Enforcement Division case management system implemented
- Dealer Title Pilot with document recognition and chatbot released
- Rapid Registration portal design for business and individual customers and chatbot released
- Turbo Titles for new or duplicate titles released
- Finance and accounting user acceptance testing for general ledger and accounting complete
- Mainframe assessment completed to support migration of DMV legacy data currently located on the mainframe system maintained by the Office of the Chief Information Officer to a cloud-based system

In late 2023, the DMV made the decision to continue utilizing agile development with incremental product releases to provide more consistent product updates to Nevada residents. This approach ensures more frequent updates and enhancements, enabling the public to realize benefits prior to the full, unified release in 2029. This approach would still require the completion of all necessary product domains to transition all transactions and supporting processes online.

<u>Funding Recommendations for the 2025-27 Biennium Included in *The Executive Budget*</u>
To support the project in the 2025-27 Biennium, the Governor recommends the following notable items in the budget:

- 28 full-time state positions, at a cost of $7.4 million over the 2025-27 Biennium (inclusive of all decision units)
- Mainframe utilizations and other associated costs for legacy system data, at a cost of $629,306 over the 2025-27 Biennium
- 28 MSA contractor positions, at a cost of $11.3 million over the 2025-27 Biennium

The department indicates its efforts are organized along the six strategic initiatives and activities needed to accomplish each product domain and support initiatives by using a flexible methodology to implement the new system.

The department provided revised (March 2024) expenditure estimates to the Interim Finance Committee in April 2024, which the agency indicated would total $424.7 million based upon projections through FY 2029. <u>The department recently provided updated expenditure estimates, and projects the cost of the DTE would now total $287.4 million, which is an increase of $161.6 million when compared to the projected cost indicated during the 82nd (2023) Legislative Session, but a $137.3 million decrease from the April 2024 projection provided to the Interim Finance Committee</u>. The department has identified cost savings by transferring vendor work to DMV staff and aims to further reduce costs by regularly examining software elements that can be minimized or eliminated. The following table provides updated planned expenditures for FY 2023 through FY 2029 for the DTE as reported by the DMV at the time of the budget hearing:

DMV Department Transformation Effort Projected Expenditures by Fiscal Year					
	Projected Expenditures During the 2021 Legislative Session	Projected Expenditures During the 2023 Legislative Session	Updated Projected Expenditures Provided in March 2024	Updated Projected Expenditures During the 2025 Legislative Session	Change from FY 2024 to FY 2025 Projected Expenditures
FY 2022	$ 29,288,036	$ 13,286,111	$ 16,089,139	$ 16,089,139	$ -
FY 2023	$ 30,282,177	$ 32,429,723	$ 27,527,825	$ 27,527,825	$ -
FY 2024	$ 28,048,134	$ 37,945,651	$ 37,383,013	$ 35,519,149	$ (1,863,864)
FY 2025	$ 27,303,454	$ 35,105,265	$ 53,849,691	$ 35,194,001	$ (18,655,690)
FY 2026	$ -	$ 7,005,869	$ 69,176,683	$ 47,158,538	$ (22,018,145)
FY 2027	$ -	$ -	$ 72,411,916	$ 51,041,700	$ (21,370,216)
FY 2028	$ -	$ -	$ 73,611,034	$ 40,632,156	$ (32,978,878)
FY 2029	$ -	$ -	$ 74,688,218	$ 34,255,481	$ (40,432,737)
Total	**$ 114,921,801**	**$ 125,772,619**	**$ 424,737,519**	**$ 287,417,990**	**$ (137,319,529)**

The department's projections do not reflect the Governor's recommended supplemental Highway Fund appropriation of $2.6 million in FY 2025 to fund a potential shortfall for the DTE.

Full-Time State Positions: The Governor recommends funding totaling $7.4 million over the 2025-27 Biennium to continue funding for 28 state positions to support the project after considering all decision units. The department indicates once the DTE is fully implemented, the positions would continue to support the new cloud-based environment, continue enhancements for customer experience, support backlog and process improvements, and provide super user capabilities for customer-facing divisions.

In-State Travel: The Governor recommends funding totaling $116,750 over the 2025-27 Biennium for in-state travel expenditures for staff to participate in joint application development training in Las Vegas and Elko through multiple trips over the 2025-27 Biennium.

Operating: The Governor recommends funding totaling $734,354 over the 2025-27 Biennium for various operating costs that include hardware, software, phone lines, operating supplies, assessments, and building rent.

Master Service Agreement Contractors: Twenty-six MSA contractor positions, at a cost of $10.7 million over the 2025-27 Biennium, to continue support for project implementation. Additionally, Decision Unit E301 includes two additional MSA contractor positions, at a cost of $560,000, for one Management Analyst contractor and one Budget Analyst contractor, to backfill existing Administrative Services Division staff to continue day-to-day operations while allowing current staff to serve as subject matter experts for ongoing development of Financial Management Systems.

<u>Funding Recommendations with One-Time Highway Fund Appropriations (BUDGET OVERVIEW-27 & 30)</u>
The Governor recommends one-time Highway Fund appropriations totaling approximately $77.5 million over the 2025-27 Biennium as follows:

- *Contracts, Software, and Hardware*: Funding of $77.0 million over the 2025-27 Biennium in addition to the funding in the base budget for various contracts and/or services that would support the DTE, which would provide total funding of $77.6 million over the 2025-27 Biennium.

- *Training:* $531,384 over the 2025-27 Biennium for training costs. This includes content management technical training, and Salesforce, MuleSoft, Amazon Web Services, Tableau, Nintex, and ABBYY technical training.

The department provided details regarding the contract, software, and hardware expenditures as provided in the following table:

Contract, Software and Hardware Costs for the DMV Transformation Effort		
Vendor and/or Service	**FY 2026**	**FY 2027**
Slalom consulting to provide support to build and configure the new system and train staff.	$22,016,885	$24,858,758
Service Cloud software to provide the cloud-based engine that supports the solution, security components, and customer usage for online services. Also includes licensing, permitting, and inspections capabilities within the platform.	$4,209,316	$4,209,316
Quality Assurance and organizational change management consulting.	$2,053,128	$2,135,253
MuleSoft Software to connect DMV's legacy system with the new system.	$1,324,843	$1,391,085
ABBYY provides software to capture documents and process forms for DMV business customers and transactions.	$1,206,815	$1,206,815
Amazon Web Services storage would provide storage, data management, data warehousing, contact center, and general data processing in a cloud environment.	$1,200,000	$1,565,346
A cloud-based identity validation solution for all DMV users.	$1,144,500	$2,184,000
Content manager to provide information for the DMV with the ability to keep website information up-to-date.	$822,240	$483,015
Clariti financial management system selected to provide DMV's financial management services. The product integrates with salesforce and would be implemented by Slalom contractors.	$493,065	$527,579
Nintex software tool assists with integration with Salesforce, allows for template management and document creation.	$394,737	$414,474
Service would provide software to validate DMV Salesforce code customizations.	$360,000	$0
Identity Management Certification to automate and manage identity governance processes and workflows.	$342,000	$359,100
Marketing Cloud service supports outreach to DMV customer notifications from the department's solution. Notifications include customer's registration renewal is due, driver license expiration, and other customer transaction reminder.	$253,266	$276,060
Automates and manages key identity governance processes and workflows., including state security standards, account monitoring and control, as well as access controls and change tracking.	$150,000	$157,500
Security test tool used to scan application code at rest to discover faulty code posing a security threat, to address identified high risks.	$136,500	$143,325
Capodo products enable multi-environment web application deployments. Allows DMV to move consistent code sets from development to training, staging, and production for various quarterly releases.	$131,478	$131,473
Service allow vendor to support DMV's Salesforce integration to vendor software.	$127,662	$127,662
Current legacy system document scanning and repository software. Would provide support for modernization new platform.	$60,000	$0
Application Security tool to scan running applications to detect and mitigate web attacks.	$52,500	$55,125
Tableau software provides report capabilities for the DMV to view and analyze data.	$36,100	$38,627
Provides a test management solution to execute test cycles, report, and track test executions.	$25,423	$26,694
Pulsar contractor to provide design services for the DMV websites and new platform.	$20,000	$20,000
Hardware (tablets) to provide functionality for customer service staff transactions, allow for scanning, signatures, and other technical actions occurring at the counters and front desk.	$16,460	$16,460
Azure DevOps enables collaboration among developers, project managers, and other contributors in software development, while providing Microsoft tools for planning, code collaboration, and building and deploying applications.	$7,772	$7,772
MV Solutions enhancement would allow the new cloud-based insurance verification service, that would replace the legacy NV LIVE application, to enhance the connection to Salesforce.	$0	$64,000
TOTAL	**$36,584,690**	**$40,399,439**

The 82nd (2023) Legislature approved total vendor implementation costs of $53.7 million over the 2023-25 Biennium. For the 2025-27 Biennium, total vendor implementation costs are projected to reach $77.9 million, an increase of $24.2 million from the previous legislatively approved amount. Most of the increase in implementation costs can be attributed to expenses related to the Slalom consulting contractor. The department previously indicated that the increase in Slalom consulting contractors resulted from a change to the DMV's initial plan to rely on DMV staff resources for the DTE. However, the DMV later determined department staff do not have the capacity to upskill at the required pace and do not possess the necessary skills to support already released solutions or ongoing implementations for other DTE products. As a result, 51 full-time and part-time Slalom consulting contractors are currently working on the DTE, though contractor levels fluctuate based on project requirements and skills needed for the progression of the project. The DMV continues efforts to reduce costs by evaluating vendor tasks that can be transitioned to department staff and assessing software components to identify potential reductions or eliminations.

Hearing Discussion and Post-Hearing Update/Information: During the budget hearing on March 21, 2025, the department indicated to manage the complexities of the Department Transformation Effort project, the DMV has implemented a project governance structure. This includes regularly scheduled program-level meetings, quarterly planning sessions, and close engagement from the executive leadership team. An operating committee and a steering committee are in place to escalate and resolve issues. After each quarterly planning session, the department reassesses resource needs, risks, and has tracking mechanisms in place to align efforts. The Department Transformation Effort team coordinates with the Administrative Services Division, the Director's Office, the Governor's Finance Office, and the Legislative Counsel Bureau to address funding issues and ensure strategic alignment. The department indicated the following planned updates for the 2025-27 Biennium:

- Turbo Titles Expansion – Currently piloted in the Sahara and Elko offices, with statewide implementation expected by April 2025.
- Delivery of 100 Vehicle Features – The project is on track to implement approximately 100 features by fourth quarter of FY 2026, including specialty license plates, online payments for new registrations, disabled placard applications, expanded movement permits, Nevada business account creation, and fleet registration.
- Credentialing Modernization – Design of the core credential products, including non-commercial driver licenses and identification cards, is scheduled to begin in FY 2027.
- Independent Verification and Validation – The department plans to complete vendor selection for a technical Independent Verification and Validation partner to validate the new motor vehicle system's technical architecture and documentation. This includes the implementation of security tools to ensure robust protection of personally identifiable information.

As previously discussed, cost projections for the Department Transformation Effort project have evolved over time from $125.8 million during the 82nd (2023) Legislative Session, to $424.7 million as presented during the April 2024 Interim Finance Committee meeting, and are now estimated at $306.5 million. The department explained the cost fluctuations stem from uncovering legacy system complexities, the need for additional security tools, and the discovery of data and code inefficiencies during transaction-level reviews. As the Department Transformation Effort team works through over 800 unique DMV transactions, some costs have been mitigated by combining or simplifying processes. One key cost driver going forward is the mainframe legacy system migration, which is the most significant technical milestone, expected to allow for greater integration capabilities and project acceleration. The department continues to evaluate both short- and long-term efficiencies to stay within budget and time constraints.

Full-Time State Positions: The workforce transition to shift toward in-house staffing to reduce reliance on contractors is another key cost driver. This transition includes training and knowledge transfer, which may temporarily increase costs but is expected to reduce dependency on external vendors in the long-term. The department indicated that as it replaces legacy technology with more customer-facing solutions, the organization must also adapt to support evolving business operations. While it is anticipated that the staffing model will change, any adjustments to staffing levels will not be determined until all core products have been live for an extended period and their operational impact can be thoroughly evaluated.

Master Service Agreement Contractors: The DMV anticipates ongoing fluctuations in contractor support through the 2025-27 Biennium. Master service agreement contractors, currently 27 on staff, have been decreased by 2 as a cost savings measure, and to avoid a supplemental Highway Fund appropriation request. If the current budget is approved, the department intends to rehire those positions. The Slalom contractors are serving as the DMV's primary implementation partner, with approximately 51 Slalom contractors involved in program management, design, and development. The DMV staff do not currently have the expertise to replace these roles. However, Slalom support is expected to decrease by the end of the 2025-27 Biennium, with further reductions anticipated in future biennia. The DMV continues to review staffing levels quarterly, adjusting the number of contractors based on project milestones and integration priorities.

Ongoing Maintenance Costs: According to the DMV, the projected ongoing maintenance costs for the Department Transformation Effort once fully implemented are estimated at $12.3 million for FY 2026. These operational costs which cover software licenses, system maintenance, hosting, version updates, and service level agreements would be subject to annual contractual increases ranging from 3.0% to 7.0%, depending on individual vendor terms. Costs may also fluctuate based on system usage, which is currently an estimate. By FY 2030, the DMV projects total annual operational costs would increase to approximately $16.5 million, reflecting both contractual escalations and anticipated growth in hosting and utilization.

Implementation Timeline: During the department's budget hearing on March 21, 2025, the Subcommittee expressed concerns with possible delays of the project implementation initially scheduled for completion in FY 2026 and has been rescheduled for completion in FY 2029. In response, the DMV indicated a primary reason for delays was due to the complexity of modernizing the department's 30-year-old mainframe legacy system. While efforts were made to move transactions online, the limitations of the legacy system constrained and slowed project progress. As the DMV began analyzing the mainframe code and data structure, additional technical challenges emerged, requiring new tools and solutions to support the Department Transformation Effort project along with efficient transaction processing. Despite delays, the DMV indicated staff has worked continuously to maintain momentum, build online capabilities where possible, and gain a deeper understanding of the legacy system's architecture. The completion of the mainframe migration (discussed in the Automation budget account closing document) is expected to streamline data processes and enable seamless, real-time updates to the DMV's systems.

Given the difficulties this project has experienced in the past, the Subcommittee may wish to consider various recommendations that would provide measures of accountability for the department. These recommendations could include:

- Budgeting for the MSA contractor costs recommended by the Governor for this project but placing that funding in this budget's reserve in FY 2027. This would allow funding to be provided for costs in FY 2026 to continue 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 2027 as the project continues. This would provide the Interim Finance Committee with an opportunity to control a portion of the funding and receive updates on the project and is consistent with the approach approved in previous legislative sessions.

- Issuing a letter of intent requiring semi-annual 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 MSA 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.

One-Time Funding: On March 11, 2025, the Governor's Finance Office indicated the Governor's recommended one-time Highway Fund appropriation totaling approximately $77.5 million over the 2025-27 Biennium to support the Department Transformation Effort project would be amended to include an updated funding request for the mainframe legacy system migration. Inclusive of the legacy system migration expenses update, and the Department Transformation Effort project adjustments of $13.3 million, the total recommended one-time appropriation for the project would have increased to a total of $97.5 million over the 2025-27 Biennium. However, on April 18, 2025, to address the DMV exceeding the recommended statutory limit on Highway Fund appropriations pursuant to NRS 408.235 in FY 2026, the DMV submitted a request to move MSA Contractor expenses by $804,000 in FY 2026 to FY 2027. Additionally, the DMV indicated the Department Transformation Effort project one-time Highway Fund appropriation would also be requested to be reduced by $1.2 million in FY 2026 and increased by $360,000 in FY 2027. Including the recently requested one-time adjustments from the DMV, the total one-time Highway Fund appropriation for the Department Transformation Effort project would be $48.3 million in each year of the 2025-27 Biennium, as previously stated, the total cost projections for the Department Transformation Effort project are now estimated at $306.5 million as indicated in the following table. The DMV has also indicated, with the requested reductions to the Department Transformation Effort costs, the implementation timeline would not be delayed. However, the transition from MSA contractor assistance to DMV full-time-equivalent position staff may not occur as soon as anticipated in FY 2026.

DMV Department Transformation Effort Projected Expenditures by Fiscal Year					
	Projected Expenditures During the 2021 Legislative Session	**Projected Expenditures During the 2023 Legislative Session**	**Updated Projected Expenditures Provided in March 2024**	**Updated Projected Expenditures During the 2025 Legislative Session**	**Change from March 2024 to April 2025 Projected Expenditures**
FY 2022	$ 29,288,036	$ 13,286,111	$ 16,089,139	$ 16,089,139	$ -
FY 2023	$ 30,282,177	$ 32,429,723	$ 27,527,825	$ 27,527,825	$ -
FY 2024	$ 28,048,134	$ 37,945,651	$ 37,383,013	$ 35,519,149	$ (1,863,864)
FY 2025	$ 27,303,454	$ 35,105,265	$ 53,849,691	$ 35,194,001	$ (18,655,690)
FY 2026	$ -	$ 7,005,869	$ 69,176,683	$ 57,765,006	$ (11,411,677)
FY 2027	$ -	$ -	$ 72,411,916	$ 59,516,116	$ (12,895,800)
FY 2028	$ -	$ -	$ 73,611,034	$ 40,632,156	$ (32,978,878)
FY 2029	$ -	$ -	$ 74,688,218	$ 34,255,481	$ (40,432,737)
Total	**$ 114,921,801**	**$ 125,772,619**	**$ 424,737,519**	**$ 306,498,873**	**$ (118,238,646)**

Adjustments to the noted one-time Highway Fund appropriations will be addressed during the bill hearing at a later date.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approving the Governor's recommendation to continue the DMV's Department Transformation Effort by:

1. **Recommending approval of Highway Fund appropriations of $20.7 million and Technology Fee revenue of $2,000 (attributed to projected debt collections for transactions prior to FY 2021) over the 2025-27 Biennium to continue the DMV's Department Transformation Effort that would replace the department's existing computer system, and reducing MSA Contractor expenses by $804,000 in FY 2026 with a corresponding increase in FY 2027 to keep the DMV's Highway Fund appropriations within the recommended statutory limit in FY 2026?**

AND

2. **Recommending approval of a letter of intent requiring semi-annual reports to the Interim Finance Committee on the status of the Department Transformation Effort?**

AND

3. **Placing the planned expenditures for the MSA Contractor costs of $6.2 million in FY 2027 in reserves, which would generally require Interim Finance Committee approval before it could be utilized?**

AND

4. **Recommending that Fiscal staff be provided with authority to make any necessary technical adjustments?**

Other Closing Items

Other Closing Items	Category	Description of Decision Unit	FY 2026 Highway Fund	FY 2027 Highway Fund
1	EQUIPMENT REPLACEMENT	Replacement of computer hardware and associated software, secretarial chairs, cell phones, time tracking software, test management software, spreadsheet tool, Smartsheet licenses. (E710, DMV-26)	$ 149,073	$ 173,348
2	CELL PHONES	Additional cell phones for supervisors. (E300, DMV-25)	$ 1,873	$ 1,873
3	LICENSES	Addition of business productivity suite licenses for existing staff and contractors. (E303, DMV-25-26)	$ 81,576	$ 81,576

4. Ability to Transfer Highway Fund Appropriations Between Fiscal Years: Section 36 of the 2023 Appropriations Act (Senate Bill 511) authorized the transfer of Highway Fund appropriations between fiscal years of the 2023-25 Biennium in this budget account, upon the recommendation of the Governor and approval of the Interim Finance Committee. The Executive Budget recommends this budget account retain the ability to transfer Highway Fund appropriations between fiscal years in the 2025-27 Biennium with Interim Finance Committee approval upon the recommendation of the Governor (**BUDGET OVERVIEW-35**). If this recommendation is approved, enabling language will be included in the 2025 Appropriations Act.

Fiscal staff recommends Other Closing Items 1 through 4 be closed as recommended by the Governor, and requests authority for staff to make other technical adjustments, as necessary.

The following decision unit along with the associated departmentwide reorganization are discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

E909 (DMV-26)

Additional Information – No Action Necessary
Supplemental Highway Fund Appropriations (BUDGET OVERVIEW-33):
The Governor recommends a supplemental Highway Fund appropriation of $2.6 million in FY 2025 to fund a potential shortfall. However, at the March 21, 2025, budget hearing, the department indicated it would no longer require the supplemental appropriation.

Adjustments to Revenue & Expenditures

Cat	Description	Reason for Adjustment	FY 2026	FY 2027
			Gov Rec	Gov Rec
Sub-total Revenues			0	0
Sub-total Expenditures			0	0
Total Revenue Adjustments			0	0
Total Expenditure Adjustments			0	0
Total Change in FTE			0.00	0.00
Grand Total General Fund Impact of Closing Changes			0	0
Grand Total Highway Fund Impact of Closing Changes			0	0

Title: DMV - AUTOMATION **Budget Page:** DMV-33, **Volume III**
Account: 201 - 4715

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
HIGHWAY FUND	6,356,924	6,180,534	(2.77)	11,734,910	89.87	10,252,526	(12.63)
OTHER FUND	635,092	552,317	(13.03)	672,895	21.83	692,580	2.93
INTERAGENCY TRANSFER	5,875,152	6,121,499	4.19	6,211,396	1.47	6,512,706	4.85
BALANCE FORWARD	2,064,936	767,276	(62.84)				
REVERSIONS	(787,179)						
Total Revenues	14,144,925	13,621,626	(3.70)	18,619,201	36.69	17,457,812	(6.24)
Total FTE		76.00		77.00		77.00	

Overview

The Motor Vehicle Information Technology Division is organized into several groups, which include Applications Programming, Network Support, System Support, Framework and Control, Production Control, and Help Desk Support. The division is tasked with enhancing the Department of Motor Vehicles (DMV) application, supporting the Internet and kiosk applications, maintaining the department's personal computers and printers statewide, and building safe and secure interfaces between the DMV and other agencies. The funding for the Automation budget account is primarily provided through a combination of Highway Fund appropriations and fees transferred from the DMV Records Search budget.

Major Closing Issues

1. New Deputy Administrator Position
2. Legacy System Mainframe Expenses

Discussion of Major Closing Issues

1. New Deputy Administrator Position (E301, DMV-35)

Recommendation: The Governor recommends Highway Fund appropriations of $362,178 over the 2025-27 Biennium for one new unclassified Deputy Administrator (annual salary of $151,902) and associated costs.

Summary of Issue: The Governor recommends Highway Fund appropriations of $362,178 over the 2025-27 Biennium to fund one new unclassified Deputy Administrator and associated costs to provide leadership for the technical team, manage personnel issues, and ensure the legacy system mainframe environment is operational.

Details Provided During the Subcommittee Hearing: Currently, the IT Manager 3 reports directly to the Administrator, supervises six positions, and has oversight of the following six teams: customer service; infrastructure network; two legacy system support teams; data engineering and science; and application development, systems, and platforms. The new position would create an additional supervisory layer and provide direct supervision to two positions, the IT Manager 3 and one Master IT Professional 2. The new position would also facilitate the transition of eight separate teams into two groups: the infrastructure and operations group and the software development life cycle group. According to the department, by reorganizing teams into two groups, managers would be able to focus on specialized areas, improving strategic planning, staff training, and daily operations. The department indicates the current operational structure creates a significant workload for the IT Manager 3 due to challenges associated with supervising a large number of staff. The new Deputy Administrator would help alleviate the workload by directly overseeing the two manager positions, thereby enabling improved focus and operational efficiency.

The new Deputy Administrator would assist the current Administrator in aligning DMV priorities, including equipment and software requests and replacements, as well as security risk mitigation to meet the department's technology needs. The Deputy Administrator would be responsible for ensuring the legacy system mainframe environment remains operational and would oversee staff upskilling and reskilling to support operations within the new cloud-based environment to support legacy system data once it is migrated off the current mainframe system. Additionally, the Deputy Administrator would ensure that managers and supervisors adhere to established organizational requirements and personnel processes within required timelines, communicate effectively with vendors, and provide guidance on master service agreement contractor support.

If approved, the salary of the unclassified Deputy Administrator will be considered in the 2025 Pay Bill.

Hearing Discussion and Post-Hearing Update/Information: During the budget hearing on March 21, 2025, the department indicated that the responsibilities of the proposed Deputy Administrator will differ from those of the current IT Manager 3, with the position focusing on overarching technical strategy and advancing a unified, collaborative culture across all technical teams, promoting the concept of the Automation Division functioning as a single, cohesive unit. Currently, the IT Manager 3 oversees six direct reports. Under the proposed restructuring, the Deputy Administrator would oversee two direct reports: the IT Manager 3, who would lead the Software Development Life Cycle team, and the IT Professional 2, who would manage the Infrastructure and Operations team. The two managers would then oversee a total of four direct reports and lead four distinct teams. This restructuring is intended to break down existing silos and provide strategic leadership in support of the Department Transformation Effort project. By dividing responsibilities into two primary groups, Infrastructure and Operations, and Software Development, the Automation Division can better align resources and staff development with Department Transformation Effort project goals. The Deputy Administrator would play a key role in guiding managers to ensure their teams are equipped with the necessary skills and training for successful implementation. Additionally, the Deputy Administrator would support the Administrator in overseeing daily operations and addressing personnel matters, enhancing leadership capacity during this period of organizational change.

According to the Division of Human Resource Management's Unclassified Position Compensation Schedules, other unclassified Division Administrator positions within the DMV have a maximum salary amount of $138,385. However, the new unclassified Deputy Administrator position is budgeted at the same salary level as the existing Administrator position, which would supervise the new position, which has a maximum salary of $151,902. As previously noted, the DMV intends for the Automation Division to consolidate from eight separate teams into two groups, each led by existing staff who would report to the new Deputy Administrator. Alternatively, given that the recommended position would supervise an existing IT Manager 3 and an IT Professional 2, the Subcommittee may wish to recommend establishing a classified Chief IT Manager position instead of the unclassified position. The Chief IT Manager position has a maximum salary of $151,422. It also provides the Subcommittee with flexibility to choose between a classified or unclassified position. If approved, the classified position would decrease expenditures by $936 in FY 2026 and $571 in FY 2027, and would reduce Highway Fund appropriations by a corresponding amount.

Decisions pertaining to unclassified salaries will be determined by the money committees when the Pay Bill is considered. Fiscal staff requests authority to make any technical adjustments subsequently required.

Decision for the Subcommittee:
Does the Subcommittee wish to:

A. Recommend approval of Highway Fund appropriations of $362,178 over the 2025-27 Biennium to fund one new unclassified Deputy Administrator and associated costs, as recommended by the Governor.

OR

B. Recommend approval of Highway Fund appropriations of $360,671 over the 2025-27 Biennium to fund one new classified Chief IT Manager and associated costs.

OR

C. Not recommend approval of a new position for the DMV Automation budget account.

Fiscal staff requests authority to enter technical adjustments, as necessary.

2. Legacy System Mainframe Expenses (E302, DMV-36)

Recommendation: To support legacy system data, the Governor recommends $1.7 million over the 2025-27 Biennium for the continuation of four master service agreement contractor positions.

Summary of Issue: The department's legacy system data is currently located on the mainframe system maintained by the Office of the Chief Information Officer (OCIO). However, the OCIO plans to retire the mainframe in the 2025-27 Biennium. The Governor recommends funding to continue support of the current mainframe environment and one-time funding to migrate to a new cloud environment in the upcoming biennium.

Details Provided During the Hearing: The DMV is assessed fees by the OCIO for utilizing the mainframe, which hosts the DMV's legacy system data. The Executive Budget includes funding in the base budget of $2.8 million in each year of the 2025-27 Biennium for these costs. Currently, the DMV, the Department of Health and Human Services, and the Division of Welfare and Supportive Services (DWSS) are the largest agency users of the mainframe system. However, according to information received by the department, the DWSS is expected to migrate off the mainframe in 2026. The OCIO has indicated plans to retire the mainframe environment after user agencies have migrated to new systems, currently projected for FY 2027.

In collaboration with the OCIO, the department has projected mainframe utilizations for the 2025-27 Biennium based on the DMV's current utilization rates. The DMV anticipates utilizing the mainframe through the end of FY 2027 and is planning to migrate the legacy system data to a cloud environment, which is discussed in Additional Information later in this document. Once the legacy system data migration is successfully completed, the DMV intends to decommission the mainframe environment by the end of FY 2027.

Legacy System Support
The Governor recommends $838,010 in each year of the 2025-27 Biennium for the continuation of four master service agreement contractor positions to continue support of the DMV legacy system operations (E302). The department indicates that currently, eight full-time positions and four contractors support the legacy system. The duties of the four contractors include the following:

- Business Intelligence Modernization Support: One contractor would design, implement, and modify cloud-based data solutions in the new cloud service environment, along with building data processes to prepare data for data-driven decision making by the DMV.

- Integration with American Association of Motor Vehicle Administrators: One contractor would continue to assist with the integration and modernization within the legacy system environment to the various projects of the American Association of Motor Vehicle Administrators.
- Legacy System Development: Two contractors would continue to upgrade and develop the legacy system's applications for internal and external users. The contractor would also assist with implementation of legislative changes required for the legacy system applications.

The DMV indicates once the legacy system data is fully migrated and transitioned to the cloud environment, the department will continue to need support for the new cloud service environment provided by DMV staff and contractors. However, the department would revisit the need for contractors beyond FY 2028.

Hearing Discussion and Post-Hearing Update/Information: During the budget hearing on March 21, 2025, when asked by Subcommittee members why the team supporting the Department Transformation Effort has not been moved into the Department Transformation Effort budget account, the department explained that the Automation Division team remains involved in the transition from the legacy system to the new Department Transformation Effort system. Once that transition is complete, the department will assess staff skillsets to identify training needs and determine whether staff reassignments are necessary to align with the restructured system and ongoing Department Transformation Effort support. Currently, the Automation Division team is supporting both the legacy and Department Transformation Effort systems. As Department Transformation Effort implementation progresses, the team's focus will shift toward supporting the new technology and system.

After the hearing, the department indicated if the DWSS successfully migrates off the mainframe in FY 2027, the DMV would not face increased fees from the OCIO in FY 2027. The DMV worked directly with the OCIO to assess potential cost impacts, and according to the OCIO, fees for the DMV will remain stable in FY 2027, as the DWSS would continue to be billed as budgeted over the 2025-27 Biennium. However, beyond the 2025-27 Biennium, the DMV may face increased fees if the DWSS migrates off the mainframe if the DMV remains on it.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of the Governor's recommendation for $1.7 million over the 2025-27 Biennium for the continuation of four contractors to support legacy system data?

Other Closing Items

Other Closing Items	Category	Description of Decision Unit	FY 2026 Highway Fund	FY 2027 Highway Fund
1	EQUIPMENT REPLACEMENT	Replacement of servers, routers, switches, barcode and desktop scanners, computer hardware and associated software. (E710, DMV-37)	$ 662,382	$ 261,638
2	MAINFRAME EXPENSES	Maintenance and support software for legacy system data located on the OCIO mainframe. (E303, DMV-36)	$ 59,377	$ 65,325

3. Help America Vote Verification (E304, DMV-36-37, Budget Amendment A255864715): The Governor recommends a Highway Fund appropriation of $26,000 in FY 2026 to fund a Help America Vote Verification enhancement fee required by the American Association of Motor Vehicle Administrators for the development and migration of certain system interfaces. However, the department indicates this enhancement decision unit is no longer required. On March 19, 2025, the Governor's Finance Office submitted Budget Amendment A255864715, which recommends the removal of this decision unit and the Highway Fund appropriations of $26,000 in FY 2026.

4. Equipment Replacement (E349, DMV-37): The Governor recommends Highway Fund appropriations of $1.8 million in FY 2026 and $834,313 in FY 2027 for the replacement of servers, network equipment, computer storage, and associated software costs.

   On April 11, 2025, the Governor's Finance Office submitted Budget Amendment A258594715, which recommends the removal of Highway Fund appropriations of $500,000 in FY 2026 to reduce hardware and software expenses for virtual servers and desktops. The Governor's Finance Office indicates this reduction is necessary for the department to stay below the recommended 27.0% administrative cap amount in FY 2026.

5. Base Budget Technical Adjustment (BASE, DMV-33-34): On April 4, 2025, the DMV provided updated revenue projections for Records Search and Complete Streets Commission revenue, as well as updated transfer revenue from the DMV Records Search budget. The updated revenue projections are reflected in the closing adjustments for this budget below, which increased Highway Fund appropriations in this budget by $487,099 in FY 2026 and $504,976 in FY 2027.

Fiscal staff recommends Other Closing Items 1 and 2 be closed as recommended by the Governor, Other Closing Item 3 be closed inclusive of Budget Amendment A255864715, Other Closing Item 4 be closed inclusive of Budget Amendment A258594715, Other Closing Item 5 be closed with the noted technical adjustments, and authority for staff to make other technical adjustments, as necessary.

Additional Information – No Action Necessary

One-Time Highway Fund Appropriation (BUDGET OVERVIEW-27)

The Governor recommends one-time Highway Fund appropriations of $6.6 million over the 2025-27 Biennium to migrate existing legacy system data on the mainframe to a cloud environment. The legacy system data resides on the OCIO's mainframe, and the Governor recommends service utilizations of $2.8 million in each year of the 2025-27 Biennium, funded with Highway Fund appropriations, to continue the hosting of legacy system data on the mainframe. The department indicates the current mainframe environment has reached the end of life and lacks the capability to support sensitive data encryption to mitigate security breaches. Furthermore, the American Association of Motor Vehicle Administrators has notified the department of the retirement of its mainframe connection in January 2028, which would eliminate the DMV's ability to connect with that system, further underscoring the importance of migrating legacy system data off the current mainframe system.

The Department Transformation Effort project requires access to legacy system data, but due to the outdated technology of the mainframe, the OCIO has had difficulty securing contractors capable of maintaining the mainframe consistent with DMV's security needs. Additionally, as the Department Transformation Effort program will only replace a portion of the legacy system's functionality, remaining functions must continue to be separately hosted to ensure continued data access.

The department indicates the vendor selected to migrate the legacy system data to the cloud environment would also host the legacy system data upon completion of the migration. The DMV projects ongoing annual maintenance costs for the cloud environment of $564,000 per fiscal year in future biennia.

During the budget hearing on March 21, 2025, the DMV indicated it has been coordinating with the OCIO to plan the department's migration off the mainframe environment, with a target completion by FY 2027. Several meetings have been held with the OCIO, during which the legacy migration contract was reviewed, and follow-up discussions were conducted with the DMV and its vendor to ensure alignment with state policies and procedures. The department indicates the OCIO is supportive of the effort, and the DMV's Senior IT Security Officer is actively engaged with both the OCIO and the state security team to ensure compliance with all data security policies and protocols. The department's plan to transition off the mainframe also aligns with the OCIO's broader mainframe exit strategy. The OCIO indicated that costs could rise by up to $9.0 million annually if the DMV remains the last agency on the mainframe. While the Department Transformation Effort project is primarily focused on customer-facing services, such as user interface improvements and transactional data management, it does not currently include the decommissioning of all legacy system functionality, currently located on the mainframe. Backend data and support functions that enable customer transactions will remain, but migrated to the new cloud environment. The DMV is working with its Department Transformation Effort vendor and the legacy migration vendor to implement a "lift and refactor" strategy aligned with the already established roadmap and timeline for modernizing legacy code and migrating it into the cloud platform already designated for the Department Transformation Effort system. Once this migration is complete, neither department staff nor contractor support for legacy systems would be necessary. While some residual legacy tasks may remain, the department is committed to completing all cleanup efforts before fully decommissioning the mainframe. Additionally, the OCIO has emphasized that the new system must be fully operational before the legacy system can be retired to avoid disruptions. The DMV continues to work closely with its partners to meet this requirement and achieve full mainframe decommissioning by FY 2027.

After the hearing, the DMV indicated the one-time Highway Fund appropriation included in The Executive Budget was based on an outdated estimate. A more detailed and updated assessment has since been completed, resulting in higher costs. The DMV indicated it would be submitting a budget amendment in the near future for the increased amount funded in the Department Transformation Effort budget account (BA 4716). On April 11, 2025, the Governor's Finance Office indicated the one-time Highway Fund appropriation would no longer be included in this budget account and would be included in the Department Transformation Effort budget account. The one-time Highway Fund appropriation bill will be heard at a later date.

Adjustments to Revenue & Expenditures

Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

Cat	Description	Reason for Adjustment	FY 2026	FY 2027
DECISION UNIT: B000				
00	HIGHWAY FUND	Updated DMV revenue projections.	487,099	504,976
00	OTHER FUND	Updated DMV revenue projections.	(88,255)	(90,868)
00	INTERAGENCY TRANSFER	Updated DMV revenue projections.	(398,844)	(414,108)
Sub-total Revenues			0	0
Sub-total Expenditures			0	0
Total Revenue Adjustments			0	0
Total Expenditure Adjustments			0	0
Total Change in FTE			0.00	0.00
Grand Total General Fund Impact of Closing Changes			0	0
Grand Total Highway Fund Impact of Closing Changes			487,099	504,976

Title: DMV - VERIFICATION OF INSURANCE **Budget Page:** DMV-74, **Volume III**
Account: 201 - 4731

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
OTHER FUND	17,306,205	15,656,876	(9.53)	19,362,098	23.67	20,515,333	5.96
BALANCE FORWARD	500,000	500,000		500,000		500,000	
REVERSIONS	(14,569,084)						
Total Revenues	3,237,121	16,156,876	399.11	19,862,098	22.93	21,015,333	5.81
Total FTE		21.00		21.00		21.00	

Overview

The Insurance Verification Program verifies that owners of motor vehicles registered in Nevada maintain liability insurance. The program goal is to identify and reduce the number of uninsured motorists operating on Nevada highways. This self-funded budget account derives its revenue from fines charged and collected for reinstatements resulting from “no insurance” suspensions (i.e., vehicle reinstatement registration fees). Fines in excess of budgetary requirements and a balance forward amount of $500,000, are transferred to the Highway Fund each year pursuant to *Nevada Revised Statutes* (NRS) 482.4805.

Major Issue

Motor Vehicle Insurance Verification System Enhancements

Discussion of Major Closing Issue

Motor Vehicle Insurance Verification System Enhancements (E300, DMV-76)

Recommendation: The Governor recommends Vehicle Reinstatement Registration Fee revenue of $765,440 in FY 2026 and $829,440 in FY 2027 for continuation of the motor vehicle insurance verification system contract and system enhancements.

Summary of Issue: The Insurance Verification program verifies that owners of motor vehicles registered in Nevada maintain liability insurance. The 82nd (2023) Legislature approved Vehicle Reinstatement Registration Fee revenue of $1.4 million over the 2023-25 Biennium to fund a new cloud-based motor vehicle insurance verification system, and the Governor recommends continuing system implementation in the 2025-27 Biennium. The new system would integrate with the new Department Transformation Effort to replace the current department-developed solution. Although the department indicated during the 82nd (2023) Legislative Session that full implementation of the new system would occur in FY 2026, the full implementation date is now projected for FY 2027.

Details Provided During the Subcommittee Hearing: The Department of Motor Vehicles (DMV) indicates it currently performs vehicle insurance verification in real-time using both the new cloud-based motor vehicle insurance verification system solution and a department-developed solution called the Nevada Liability Insurance Validated Electronically (NV LIVE) system, a legacy Common Business Oriented Language system. To verify coverage, the DMV receives information directly from insurance companies when insurance policies or vehicle registrations change. The insurance policy information is received through a secure file transfer via the new motor vehicle insurance verification system. Random insurance policy checks are conducted after business hours, along with standard monthly reviews. These reviews compare policy data provided by insurance companies against DMV data located on the mainframe system maintained by the

Department of Administration, Office of the Chief Information Officer (OCIO), which supports the functionality of NV LIVE through the DMV's current legacy mainframe system. The DMV indicates insurance verification between the two systems will be in place until the implementation of the core product (driver license, identification cards, registration, title, and occupational and business licenses) of the Department Transformation Effort. Full implementation of the new motor vehicle insurance verification system is projected for FY 2027, following the release of core products. The operation of both insurance verification systems is required to continue to verify insurance policies within the current legacy system and simultaneously integrate the new insurance verification system within the new Department Transformation Effort platform. The department indicates certain functionality is not available in the new motor vehicle insurance verification system. However, the Department Transformation Effort and Motor Vehicle Information Technology teams would configure functionality in the new system to ensure integration with the Department Transformation Effort system and eventually decommission the NV LIVE legacy system. According to the department, decommission of the NV LIVE legacy system is projected for FY 2027. Once legacy system data is migrated from the mainframe system to a cloud service environment (which is discussed in detail in the Automation budget account [BA 4715] budget closing document), the DMV would no longer need to maintain the legacy mainframe system.

The new motor vehicle insurance verification system is a cloud-based system that would replace the current NV LIVE system and integrate via middleware software to the new Department Transformation Effort system on the Salesforce platform. During the 82nd (2023) Legislative Session, the department indicated implementation of the new motor vehicle insurance verification system would occur in FY 2026, but that is now projected to occur in FY 2027.

The DMV indicates features in the new motor vehicle insurance verification system are similar to the original NV LIVE solution and would also allow the new Department Transformation Effort to move transactions to the cloud environment. The following services would be included with the new motor vehicle insurance verification system:

- Real time insurance verification and reporting,
- Solution hosting and maintenance, including backup and recovery,
- Help desk for insurance companies,
- System testing and transition planning,
- Customer support for system users and system support,
- Electronic compliance reporting for customers and insurance companies for proof of insurance through a secure web portal, and
- Customer call center to resolve insurance-related issues.

Certain high-risk drivers who are convicted of serious moving violations are required by the DMV, pursuant to NRS 485.307(1), to verify minimum insurance requirements, which certifies proof of financial responsibility. Insurance companies must currently report minimum insurance requirements to the DMV to verify proof of financial responsibility, specifically after serious violations. Failure to provide such proof can result in license suspension. Drivers must currently request their insurance provider certify insurance requirements to the DMV. The department indicates the new motor vehicle insurance verification system recommended for full implementation in FY 2027 would allow insurance providers to report, in real-time, whether state minimum insurance requirements are met, and whether insurance policies have lapsed or been canceled. The automated reporting through the new motor vehicle insurance verification system would eliminate the need for manual paper form filings, which can cause delays and processing errors.

The DMV confirmed it will not be utilizing the notice printing and mailing features initially included in the new motor vehicle insurance verification system contract. The DMV indicates it has an existing contract with another vendor that handles the printing and mailing of these notices.

Hearing Discussion and Post-Hearing Update/Information: During the department's budget hearing on March 21, 2025, the department indicated the new motor vehicle insurance verification system, provided by Motor Vehicle Solutions, should be mostly implemented in FY 2026. However, full implementation and integration with the new Department Transformation Effort system is not anticipated to occur until the end of FY 2027. As part of the Motor Vehicle Solutions base system that would be implemented in FY 2026, the department outlined the following features:

- Insurance company reporting and verification
- Hosting, maintenance, backup, and recovery
- Help desk support for insurance companies
- Testing, transition, and rollout planning
- Real-time information verification
- Customer and system user support

In the second quarter of FY 2026, electronic compliance reporting by insurance agents and companies is scheduled to launch. By the third quarter of FY 2026, electronic non-insurance compliance and a dedicated call center are expected to be operational.

The current NV LIVE legacy system's motor vehicle insurance verification data housed on the mainframe is projected to be migrated to a modern cloud-based platform by the end of FY 2027, as discussed in the Automation budget account (BA 4715). Although the NV LIVE legacy system will no longer serve as the system of record, it will still be required and accessed for downstream processes using the migrated legacy data. Over the 2025-27 Biennium, the department will continue using NV LIVE for insurance lapse identification until the transition to the new system is complete. The new Motor Vehicle Solutions system will transmit insurance lapse data to the DMV by matching insurance company data with Nevada vehicle identification numbers (VIN) uploaded to the Motor Vehicle Solutions system. This data will be used with existing NV LIVE processes for owner notifications, fines, and penalties.

The department indicated integration delays have primarily resulted from limited departmental information technology resources, the complexity of transitioning large volumes of data, and work associated with maintaining compatibility between legacy and the new Department Transformation Effort systems. The department indicated it has completed the proof of concept phase to test integration feasibility and has launched the insurance portal. The department projects that by FY 2027, the Motor Vehicle Solutions system will assume full responsibility for insurance data collection and transmission. Previously, information was sent individually by insurance companies to the NV LIVE system which slowed the process. The Motor Vehicle Solutions system will provide real-time updates to the DMV regarding insurance lapses and will also notify customers in real time. The department further indicated the new Motor Vehicle Solutions system would provide automated reporting, thereby eliminating the need for certain manual paper form filings. This would allow for processing to be automated, replacing the current manual submission methods for certain forms by fax, mail, or in-person delivery.

Decision for the Subcommittee:
Does the Subcommittee wish to recommend approval of Vehicle Reinstatement Registration Fee revenue of $765,440 in FY 2026 and $829,440 in FY 2027 for the continuation of the motor vehicle insurance verification system contract and system enhancements?

Other Closing Items

Other Items	Category	Description of Decision Unit	FY 2026 Other Funds	FY 2027 Other Funds
1	REPLACEMENT EQUIPMENT	Replacement of computer hardware and associated software (E710, DMV-76-77).	$ 30,783	$ 8,571
2	SOFTWARE RENEWAL	Annual software license for a vehicle value database, which is funded equally by this budget account and the Field Services budget account (BA 4735) (E301, DMV-76).	$ 62,393	$ 65,513

3. Insurance Violations Revenue Transfer to the Highway Fund (BASE, E231 & SUMMARY, DMV-74-75, 77): As indicated in the Overview, funding for the Verification of Insurance budget account is generated by Vehicle Reinstatement Registration Fee revenue, with any revenue beyond the amount budgeted and a balance forward amount of $500,000 transferred to the Highway Fund each year. Insurance Verification program revenue totaled $17.3 million in FY 2024 and The Executive Budget projects total revenue increasing to $19.4 million in FY 2026 and $20.5 million in FY 2027, which would provide transfers of $15.4 million in FY 2026 and $16.5 million in FY 2027 to the Highway Fund.

   On April 4, 2025, the DMV provided updated revenue projections for Vehicle Reinstatement Registration Fee revenue, which reflected increased revenue of $679,821 in FY 2026 and $628,892 in FY 2027. Based on the updated revenue projections, which are reflected in the closing adjustments for this budget below, Highway Fund transfers are now reflected to be $16.1 million in FY 2026 and $17.1 million in FY 2027.

Fiscal staff recommends Other Closing Items 1 and 2 be closed as recommended by the Governor, and Other Closing Item 3 be closed with the noted technical adjustments, and requests authority to enter technical adjustments as necessary.

The following budget amendment, along with the associated departmentwide reorganization enhancement decision units, are discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

Budget Amendment A256104731

Additional Information – No Action Necessary
None

Adjustments to Revenue & Expenditures
Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

DECISION UNIT: B000

Cat	Description	Reason for Adjustment	FY 2026	FY 2027
00	OTHER FUND	Updated DMV revenue projections.	679,821	628,892
84	TRANSFER TO HIGHWAY FUND	Updated DMV revenue projections.	679,821	628,892
Sub-total Revenues			679,821	628,892
Sub-total Expenditures			679,821	628,892

Total Revenue Adjustments	679,821	628,892
Total Expenditure Adjustments	679,821	628,892
Total Change in FTE	0.00	0.00
Grand Total General Fund Impact of Closing Changes	0	0
Grand Total Highway Fund Impact of Closing Changes	0	0

Title: DMV - HEARINGS **Budget Page:** DMV-28, **Volume III**

Account: 201 - 4732

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
HIGHWAY FUND	1,379,637	1,396,554	1.23	1,755,515	25.70	1,777,115	1.23
OTHER FUND	330	2,490	654.55	2,490		2,490	
INTERAGENCY TRANSFER	85,594						
BALANCE FORWARD	10,158	7,081	(30.29)				
REVERSIONS	(3,340)						
Total Revenues	1,472,379	1,406,125	(4.50)	1,758,005	25.02	1,779,605	1.23
Total FTE		11.00		11.00		11.00	

Overview

Fiscal staff is responsible for developing closing recommendations for this budget account. The Subcommittee has not previously reviewed this budget account.

The Office of Administrative Hearings within the Department of Motor Vehicles Director's Office conducts administrative hearings in accordance with the *Nevada Revised Statutes* (NRS), the *Nevada Administrative Code* (NAC), and existing case law to ensure the public's right to appeal administrative sanctions imposed by the department. The administrative hearings address issues ranging from the suspension or revocation of an individual's driving privilege or vehicle registration to the revocation or suspension of a license to operate a motor vehicle-related business in Nevada. The Office of Administrative Hearings is primarily funded with Highway Fund appropriations.

Major Closing Issues

None

Other Closing Items

			FY 2026	FY 2027
Other Closing Items	**Category**	**Description of Decision Unit**	**Highway Fund**	**Highway Fund**
1	TRAVEL COSTS	Travel costs for attendance at the annual State Bar of Nevada conference (E125, DMV-30).	$ 347	$ 347
2	REGISTRATION FEES	Registration fees for the annual State Bar of Nevada conference (E126, DMV-30).	$ 675	$ 675
3	REPLACEMENT EQUIPMENT	Replacement computer hardware and associated software (E710, DMV-30-31).	$ 11,689	$ 31,002

Closing recommendations for this budget account are included on the summary page in the closing packet.

Additional Information – No Action Necessary

None

Adjustments to Revenue & Expenditures				
Cat	**Description**	**Reason for Adjustment**	**FY 2026**	**FY 2027**
			Gov Rec	Gov Rec
Sub-total Revenues			0	0
Sub-total Expenditures			0	0
Total Revenue Adjustments			0	0
Total Expenditure Adjustments			0	0
Total Change in FTE			0.00	0.00
Grand Total General Fund Impact of Closing Changes			0	0
Grand Total Highway Fund Impact of Closing Changes			0	0

Title: DMV - LICENSE PLATE FACTORY **Budget Page:** DMV-69, **Volume III**

Account: 201 - 4712

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
OTHER FUND	3,934,577	4,065,893	3.34	4,764,753	17.19	4,767,987	0.07
BALANCE FORWARD	1,253,186	1,153,004	(7.99)	623,808	(45.90)	532,147	(14.69)
Total Revenues	5,187,763	5,218,897	0.60	5,388,561	3.25	5,300,134	(1.64)
Total FTE		6.00		6.00		6.00	

Overview

Fiscal staff is responsible for developing closing recommendations for this budget account. The Subcommittee has not previously reviewed this budget account.

The License Plate Factory budget account supports the license plate factory, which is operated by the Central Services and Records Division of the Department of Motor Vehicles (DMV). The license plate factory is charged with designing, manufacturing, and distributing Nevada's license plates to DMV offices, State Assessors offices, and customers of the department. To allow the manufacturing of license plates to be a self-supporting activity, *Nevada Revised Statutes* (NRS) 482.268 provides the department with authority to establish a license plate fee through regulation, subject to approval by the Legislative Commission. Currently, and as projected for the 2025-27 Biennium in The Executive Budget, this fee is $3.75 per license plate, with *Nevada Administrative Code* (NAC) 482.295 currently providing the DMV with authority to increase this fee up to $5.00 per license plate.

Major Closing Issues

None

Other Closing Items

Other Closing Items	Category	Description of Decision Unit	FY 2026 Other Funds	FY 2026 Reserve[1]	FY 2027 Other Funds	FY 2027 Reserve[1]
1	**AGENCY SPECIFIC INFLATION**	Projected increased cost of aluminum and sheeting commodities utilized in the manufacturing of license plates based on the projected number of standard and specialty license plates to be produced in the 2025-27 Biennium. (M101, DMV-70-71)	$ 32,692	$(130,767)	$ 32,692	$(130,767)
2	**REPLACEMENT EQUIPMENT**	Replacement of computer hardware and associated software. (E710, DMV-71)	$ 2,166	$ (8,658)	$ 313	$ (1,251)

[1]Recommendations to fund expenditures in whole, or in part, with reserve funds will display as a negative dollar value as the reserve level would be reduced. Alternatively, recommendations to decrease expenditure levels with an offset to reserve will display as a positive dollar value as the reserve level would be increased.

3. Updated Plate Production Materials Cost, Revenue Projections, Cost Allocation Adjustments, Balance Forward Amount, and Reserve (BASE & SUMMARY, DMV-69-70 & 72-73): The Governor's recommended budget includes plate production materials costs of $1.7 million in each year of the 2025-27 Biennium. However, the DMV provided updated plate production materials cost projections totaling $1.9 million in each year of the 2025-27 Biennium. Fiscal staff requests authority to update plate production materials costs, which would result in a reduction in reserves of $194,270 in FY 2026 and $191,356 in FY 2027.

On April 5, 2025, the DMV provided updated revenue projections for License Plate Fees, Substitute License Plate and Scrap Sales revenue, which are reflected in the closing adjustments for this budget account and increase the reserve in this budget account by $4,120 in FY 2026 and $4,053 in FY 2027.

This budget account is partially funded using a cost allocation to the DMV Special Plates Trust Account. The Executive Budget incorrectly calculated this cost allocation, resulting in the reserve in this budget account funding a smaller share of the expenditures. Fiscal staff requests authority to correct this cost allocation, which would result in a decrease in reserves of $209,236 in FY 2026 and $213,570 in FY 2027. Fiscal staff recommends technical adjustments to reflect updated Special Plate Cost allocation revenue, which are reflected in the closing adjustments for this budget account below, with a corresponding decrease in reserve amounts.

The DMV historically targeted a minimum reserve of $1.0 million for this budget account 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 $532,147 in FY 2026 and $449,343 in FY 2027. On April 17, 2025, the department indicated the balance forward amount is projected to total $1.5 million in FY 2025 into FY 2026. Fiscal staff recommends technical adjustments to reflect updated balance forward amounts of $1.5 million in FY 2026 with a subsequent increase of $887,503 in reserve levels in each year of the 2025-27 Biennium. With the technical adjustments noted above, the reserve balance would increase to $1.1 million in FY 2026 and $794,939 in FY 2027.

Closing recommendations for this budget account are included on the summary page in the closing packet.

Additional Information – No Action Necessary

None

Adjustments to Revenue & Expenditures

Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

DECISION UNIT: B000				
Cat	**Description**	**Reason for Adjustment**	**FY 2026**	**FY 2027**
00	OTHER FUND	Adjust cost allocation based on technical adjustment.	(209,236)	(213,570)
00	OTHER FUND	Updated DMV revenue projections.	4,120	4,053
00	BALANCE FORWARD	Adjust cost allocation based on technical adjustment.		(209,236)
00	BALANCE FORWARD	Update balance forward amount per DMV.	887,503	887,503
00	BALANCE FORWARD	Updated DMV revenue projections.		4,120
86	RESERVE	Adjust cost allocation based on technical adjustment.	(209,236)	(422,806)
86	RESERVE	Update balance forward amount per DMV.	887,503	887,503
86	RESERVE	Updated DMV revenue projections.	4,120	8,173
Sub-total Revenues			682,387	472,870
Sub-total Expenditures			682,387	472,870

Total Revenue Adjustments	682,387	472,870
Total Expenditure Adjustments	682,387	472,870
Total Change in FTE	0.00	0.00
Grand Total General Fund Impact of Closing Changes	0	0
Grand Total Highway Fund Impact of Closing Changes	0	0

Title: DMV - RECORDS SEARCH **Budget Page:** DMV-78, **Volume III**

Account: 201 - 4711

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
OTHER FUND	12,583,643	13,112,689	4.20	13,763,910	4.97	14,363,965	4.36
BALANCE FORWARD	50,000	50,000		50,000		50,000	
REVERSIONS	(800,151)						
Total Revenues	11,833,492	13,162,689	11.23	13,813,910	4.95	14,413,965	4.34
Total FTE		15.00		15.00		15.00	

Overview

Fiscal staff is responsible for developing recommendations for this budget account. The Subcommittee has not previously reviewed this budget account.

The Records Search section of the Central Services Division in the Department of Motor Vehicles (DMV) is responsible for researching and disseminating driver license and vehicle registration information and providing records for insurance, employment, and investigations. Funding is provided through Records Search Charge revenue for the processing of customer requests. The Records Search budget account is constructed such that any revenue remaining after the amount budgeted, including the Reversion to the Highway Fund category, is transferred equally to the Central Services budget account (50.0%) and the Automation budget account (50.0%) to offset Highway Fund appropriations in those budget accounts. At the end of the fiscal year, any amount remaining in excess of $50,000, is reverted to the Highway Fund.

Major Closing Issues

None

Other Closing Items

Other Closing Items	Category	Description of Decision Unit	FY 2026 Other Funds	FY 2027 Other Funds
1	SOFTWARE	Computer hardware, software, shredder, and 15 annual subscriptions of Adobe Acrobat software. (E710, DMV-80)	$ 31,945	$ 7,575

2. Transfer Records Search Charge Revenue to the Director's Office Budget Account (E300, DMV-80): The Governor recommends Records Search Charge revenue of $231,773 in FY 2026 and $267,997 in FY 2027 to be transferred to the Director's Office budget account (BA 4744) to support a new Chief Data Officer position and various IT-related contracts (Decision Unit E300). However, the transfer out amounts do not align with the amounts budgeted to be transferred into the Director's Office budget account. If approved, Fiscal staff recommends a technical adjustment to align the transfers-out amounts to the Director's Office budget account. This enhancement decision unit is contingent upon approval of corresponding Decision Unit E300 in the Director's Office budget account and is discussed in detail in that budget account. Fiscal staff recommends this item be closed consistent with the Subcommittee's action in the Director's Office budget account and requests authority to enter any necessary technical adjustments.

3. Base Budget Adjustment (BASE, DMV-78): On April 4, 2025, the DMV provided updated revenue projections. Based on these updated revenue projections, Fiscal staff recommends technical adjustments in the base budget to reduce the Records Search Charge revenue by $553,297 in FY 2026 and $567,957 in FY 2027. Based on the updated revenue projections, Fiscal staff also recommends technical adjustments to reduce the transfers to the receiving budget accounts by a total of $553,297 in FY 2026 and $567,957 in FY 2027. These adjustments are reflected below in the closing adjustments for this budget account.

Closing recommendations for this budget account are included on the summary page in the closing packet.

The following budget amendment along with the associated departmentwide reorganization is discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

Budget Amendment A256174711

Additional Information – No Action Necessary
None

Adjustments to Revenue & Expenditures
Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

DECISION UNIT: B000

Cat	Description	Reason for Adjustment	FY 2026	FY 2027
00	OTHER FUND	Updated DMV revenue projections.	(553,297)	(567,957)
14	TRANSFER TO CENTRAL SERVICES	Adjust transfer due to updated DMV revenue projections.	(276,649)	(283,978)
15	TRANSFER TO AUTOMATION	Adjust transfer due to updated DMV revenue projections.	(276,648)	(283,979)
Sub-total Revenues			(553,297)	(567,957)
Sub-total Expenditures			(553,297)	(567,957)

DECISION UNIT: E300

Cat	Description	Reason for Adjustment	FY 2026	FY 2027
00	OTHER FUND	Technical adjustment to correct funding transfer amount to BA 4744 to match expenses.	8,219	9,740
13	TRANSFER TO DIRECTOR'S OFFICE	Technical adjustment to correct funding transfer amount to BA 4744 to match expenses.	8,219	9,740
Sub-total Revenues			8,219	9,740
Sub-total Expenditures			8,219	9,740

Total Revenue Adjustments	(545,078)	(558,217)
Total Expenditure Adjustments	(545,078)	(558,217)
Total Change in FTE	0.00	0.00
Grand Total General Fund Impact of Closing Changes	0	0
Grand Total Highway Fund Impact of Closing Changes	0	0

Title: DMV - RESEARCH AND PROJECT MANAGEMENT **Budget Page:** DMV-96, **Volume III**

Account: 201 - 4742

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
HIGHWAY FUND	2,272,059	2,342,089	3.08	4,171,522	78.11	4,170,367	(0.03)
OTHER FUND		200		420,107	209953.50	428,153	1.92
INTERAGENCY TRANSFER	85,045						
BALANCE FORWARD	43,963	23,422	(46.72)				
REVERSIONS	(40,145)						
Total Revenues	2,360,922	2,365,711	0.20	4,591,629	94.09	4,598,520	0.15
Total FTE		22.00		41.00		41.00	

Overview

Fiscal staff is responsible for developing closing recommendations for this budget account. The Subcommittee has not previously reviewed this budget account.

The Research and Project Management Division within the Department of Motor Vehicles (DMV) is responsible for the development of policies and procedures, regulations, draft legislation, training surveys, forms, and requests for proposal. The division also provides project management services. The Research and Project Management Division budget account has historically been funded with Highway Fund appropriations.

Major Closing Issues

None

Other Closing Items

Other Closing Items	Category	Description of Decision Unit	FY 2026 Highway Fund	FY 2026 Other Funds	FY 2027 Highway Fund	FY 2027 Other Funds
1	REPLACEMENT EQUIPMENT	Replacement computer hardware and associated software. (E710, DMV-98).	$ 39,958	$ -	$ 24,109	$ -

Closing recommendations for this budget account are included on the summary page in the closing packet.

The following decision unit and associated budget amendment along with the associated departmentwide reorganization is discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

E900 (DMV-98) and Budget Amendment A253534742

<u>Additional Information – No Action Necessary</u>
None

Adjustments to Revenue & Expenditures				
Cat	**Description**	**Reason for Adjustment**	**FY 2026**	**FY 2027**
			Gov Rec	Gov Rec
Sub-total Revenues			0	0
Sub-total Expenditures			0	0
Total Revenue Adjustments			0	0
Total Expenditure Adjustments			0	0
Total Change in FTE			0.00	0.00
Grand Total General Fund Impact of Closing Changes			0	0
Grand Total Highway Fund Impact of Closing Changes			0	0

Title: DMV - CENTRAL SERVICES **Budget Page:** DMV-62, **Volume III**
Account: 201 - 4741

Revenues	FY 2024 Actual	FY 2025 WP	% Chg	FY 2026 GOV REC	% Chg	FY 2027 GOV REC	% Chg
GENERAL FUND	4,854	4,854		0	(-100.00)	0	0.00
HIGHWAY FUND	3,415,053	3,406,451	(0.25)	0	(-100.00)	0	0.00
OTHER FUND	2,497,905	2,557,462	2.38	0	(-100.00)	0	0.00
INTERAGENCY TRANSFER	6,918,364	7,413,821	7.16	0	(-100.00)	0	0.00
BALANCE FORWARD	315,981	142,627	(54.86)	0	(-100.00)	0	0.00
REVERSIONS	(1,105,519)						
Total Revenues	12,046,638	13,525,215	12.27				
Total FTE		130.00		0.00		0.00	

Overview

Fiscal staff is responsible for developing closing recommendations for this budget account. The Subcommittee has not previously reviewed this budget account.

The Department of Motor Vehicles' (DMV) Central Services Division consists of Alternate Services and the Processing Center. Alternate Services includes driver license and registration renewal by mail, special plates, data integrity, records, off-highway vehicles (OHV) titling and registrations, and the Central Services call center. The Processing Services section primarily resolves issues related to titles, driver license review and financial responsibility, Nevada Liability Insurance Validation Electronically (NV LIVE), document processing, and the division's mail center. Major funding sources for the Central Services budget account are Highway Fund appropriations; sales tax commissions; and fund transfers from the Special Plates, Salvage Wreckers, Records Search, and Administration of OHV Titling and Registration budget accounts. This budget account also currently receives General Fund appropriations to mail voter registration forms and motor voter postcards to individuals who change their address through Central Services.

Major Closing Issues

None

Other Closing Items

			2026			2027		
Other Closing Items	Category	Description of Decision Unit	General Fund	Highway Fund	Other Funds	General Fund	Highway Fund	Other Funds
1	REPLACEMENT EQUIPMENT	Replacement of computer hardware and associated software, phones, and printer maintenance (E710, DMV-65)	$ -	$ 212,079	$ -	$ -	$ 4,330	$ -
2	REGISTRATION FEE	American Association of Motor Vehicle Administrators conference registration. (E300, DMV-64)	$ -	$ 400	$ -	$ -	$ 400	$ -
3	EQUIPMENT	Miscellaneous equipment for the Off Highway Vehicles program (E301, DMV-64-65).	$ -	$ -	$ 600	$ -	$ -	$ 600

4. Base Budget Technical Adjustments (BASE, DMV-62-63): On April 4, 2025, the DMV provided updated revenue projections for Substitute Decal Fee and Sales Tax Commission revenue, as well as updated transfer revenue from the DMV Records Search budget account. These updates are reflected in the closing adjustments for this budget account below, which increased Highway Fund appropriations in this budget account by $492,733 in FY 2026 and $537,615 in FY 2027.

Closing recommendations for this budget account are included on the summary page in the closing packet.

The following decision units along with the associated departmentwide reorganization are discussed in greater detail in the Director's Office budget account (BA 4744), and therefore not reflected in this document:

E900, E902, and E903 (DMV-65-67)

Additional Information – No Action Necessary

2025 Legislation:

- Senate Bill 455, as introduced, would rename the Division of Field Services to the Division of Customer Services, eliminate the Division of Central Services and Records, and rename the Administrative Services Division to the Fiscal Operations Division. The bill was referred to the Senate Committee on Finance on April 1, 2025.

Adjustments to Revenue & Expenditures

Tables provided below only reflect the adjustments made to a decision unit and do not reflect the decision unit in its entirety.

DECISION UNIT: B000				
Cat	**Description**	**Reason for Adjustment**	**FY 2026**	**FY 2027**
00	HIGHWAY FUND	Updated DMV Revenue Projections	492,733	537,615
00	OTHER FUND	Updated DMV Revenue Projections	78,435	79,636
00	INTERAGENCY TRANSFER	Updated DMV Revenue Projections	(571,168)	(617,251)
Sub-total Revenues			0	0
Sub-total Expenditures			0	0

DECISION UNIT: E903				
Cat	**Description**	**Reason for Adjustment**	**FY 2026**	**FY 2027**
00	HIGHWAY FUND	Updated DMV Revenue Projections	(492,733)	(537,615)
00	OTHER FUND	Updated DMV Revenue Projections	(78,435)	(79,636)
00	INTERAGENCY TRANSFER	Updated DMV Revenue Projections	571,168	617,251
Sub-total Revenues			0	0
Sub-total Expenditures			0	0

Total Revenue Adjustments	0	0
Total Expenditure Adjustments	0	0
Total Change in FTE	0.00	0.00
Grand Total General Fund Impact of Closing Changes	0	0
Grand Total Highway Fund Impact of Closing Changes	0	0

Summary

As previously noted, Fiscal staff is responsible for developing recommendations for the following budget accounts. To assist with the closing, Fiscal staff has identified the budget accounts that are recommended to be closed as recommended by the Governor, along with the identified technical adjustments that are recommended below.

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

- **201 – 4732: DMV - Hearings;**
- **201 – 4712: DMV – License Plate Factory, with Other Closing Item 3 with technical adjustments to update License Plate Fee, Substitute License Plate, and Scrap Sales revenue, the cost allocation for special license plates, and corresponding reserve adjustments, based on updated agency projections;**
- **201 – 4711: DMV – Records Search, with Other Closing Item 2 consistent with actions in the Director's Office budget account and noted technical adjustments, and Other Closing Item 4 with technical adjustments to reduce Records Search Charge revenue and associated transfers to the receiving budgets based on updated agency projections;**
- **201 – 4742: DMV – Research and Project Management; and**
- **201 – 4741: DMV – Central Services, with Other Closing Item 4 with technical adjustments to align revenues with updated agency projections.**