

**MINUTES OF THE  
SENATE COMMITTEE ON TRANSPORTATION**

**Seventy-sixth Session  
March 15, 2011**

The Senate Committee on Transportation was called to order by Chair Shirley A. Breeden at 3:40 p.m. on Tuesday, March 15, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Shirley A. Breeden, Chair  
Senator Michael A. Schneider, Vice Chair  
Senator Mark A. Manendo  
Senator Dean A. Rhoads  
Senator Mike McGinness  
Senator Elizabeth Halseth

**COMMITTEE MEMBERS ABSENT:**

Senator John J. Lee (Excused)

**STAFF MEMBERS PRESENT:**

Kelly Gregory, Policy Analyst  
Bruce Daines, Counsel  
Laura Adler, Committee Secretary

**OTHERS PRESENT:**

Lesley Pittman, President, Sierra Strategies; Nevada Rental Car Group  
Keith Duffy, Risk Manager, Enterprise Rent-A-Car  
Robert Ostrovsky, Hertz Corporation  
Troy L. Dillard, Deputy Director, Department of Motor Vehicles  
Leah Bradle, Nevada Powersport Dealers Association  
Kyle Davis, Nevada Conservation League  
Javier Trujillo, City of Henderson

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Polly Sheesley, Internal Auditor, City of Henderson  
Brian O'Callahan, Las Vegas Metropolitan Police Department  
Cadence Matijevich, City of Reno

CHAIR BREEDEN:

We will open the meeting with a presentation on the rental-car industry.

LESLEY PITTMAN (President, Sierra Strategies; Nevada Rental Car Group):  
My client is the Nevada Rental Car Group (NRCG) which includes Enterprise Rent-A-Car; Alamo Rent A Car; National Car Rental; Payless Car Rental System, Inc.; Savmor Rent A Car; Fox Rent A Car, Inc., and Dollar Thrifty Automotive Group, Inc. There are 11 large national operators in Nevada in addition to our group including Advantage Rent a Car; Avis Rent a Car System, LLC; Budget Rent A Car System, Inc.; and Hertz Corporation.

We employ thousands of Nevadans and have two separate operating models. The airport operating model is designed for business travelers and tourists. The community-wide operating model includes rental-car operations and facilities to serve local residents, furnishing replacement vehicles for body shops and dealerships where individuals can bring in their cars for service. There are more details in my presentation ([Exhibit C](#)).

Additionally, the industry has numerous independent operations—mom and pop operations throughout urban and rural Nevada—in which rental cars are secondary to their primary business. A slide in our presentation ([Exhibit D](#)) demonstrates that in 2009, 13 percent of Las Vegas visitors reported using rental cars, a decrease of 4 percent from 2007. We believe this is influenced by the fact our principal airports are a few miles from the Las Vegas Strip and Virginia Street in Reno. Unlike Denver and Chicago, whose airports are many miles away from their travelers' destinations, it often makes more sense for our visitors to catch a cab rather than rent a car due to proximity and due to the taxes and fees levied on our industry.

There are many opportunities the NRCG industry is pursuing in Nevada and in other states. We are involved in new-car sharing programs. For example, to reduce the carbon footprint, Enterprise's WeCar Program offers alternative fuel technology in car sharing and hourly rentals. Recently, an article in the *Reno Gazette-Journal* said the University of Nevada, Reno provides parking spaces and Hertz provides the vehicles. The students go online to rent a vehicle

for an hour or two. It is consumer-friendly car sharing and reduces our carbon footprint. The industry has been receiving more requests to manage state motor pools and transportation fleets through public/private partnerships. Several states have privatized their motor pool fleets, realizing numerous benefits, including substantial savings, as shown in the report on Kansas ([Exhibit E](#)) and the case study on Georgia ([Exhibit F](#)).

Like other industries, we have implemented a multifaceted approach in response to the economic downturn. We cut costs, reduced fleet size and refinanced debt structure. There has been a significant consolidation through mergers and acquisitions. Gasoline price fluctuations have impacted discretionary spending by leisure travelers, and customers are demanding higher-efficiency vehicles, putting stress on fleet management. Pre-recession vehicles were refreshed at 15,000 miles, but today, the average vehicle is refreshed at 30,000 miles.

Two slides, [Exhibit D](#), show legislative actions' impact over the years on the rental-car industry in Nevada. We have been active participants, voluntarily and involuntarily, in helping Nevada address its historical budgetary challenges and to help provide funding for local projects. We pay a 10 percent Passenger Car Governmental Services Fee to the Department of Taxation. The General Fund is remanded 9 percent and 1 percent goes to the State Highway Fund. We pay a 2 percent county tax in Washoe County for the Reno Aces Baseball Club and in Clark County for the Las Vegas theaters of performing arts. There is also a consolidated facility charge of \$3.75 per vehicle, per-day for McCarran International Airport and for the off-site consolidated rail-car facility. We pay airport access and concession fees at each of the airports around the State, plus a use tax to nine counties that varies by county. All this means that in some counties, the rental-car tax rate is 30.1 percent at airport locations, plus the \$3.75 daily consolidated facility fee in Las Vegas and the 20.1 percent at non-airport locations where no consolidated fee is charged.

I am showing you a copy of a sample receipt, [Exhibit D](#), for a 2-day car rental from Dollar Rent A Car at McCarran International Airport. The actual car rental was \$65, but when all the taxes and fees of \$40.13 were included, the consumer paid \$105.11. Following is a tax study by the National Business Travel Association showing Nevada has the fourth highest rental-car tax rate in the country. This statistic can be a drawback when large groups assess cities for business meetings and conventions.

One reason for the high ranking on the tax and fee index is the perception that tourists are paying the taxes; this is no longer true. An increasing portion of car renters are local. We have learned over the years that the typical consumer is willing to pay a \$40 threshold per day for car rental. Once taxes increase, the rental fee must come down to stay under that \$40 threshold. This impacts revenue to the car-rental companies where, in some cases, people have actually paid more in taxes and fees than for the rental car. It would be like someone getting a room at the Las Vegas Strip and paying more for the resort fee than for the room.

We doubt any other industry in Nevada is taxed at this rate and that any other industry could sustain that tax and fee obligation and stay profitable. The car-rental industry's challenges have stabilized more, but we are still struggling. The NRCG has been a long-standing partner with state and local governments working toward solutions to your budgetary challenges. We also contribute revenue to programs and facilities with no nexus to the industry simply because the perception exists that the tourist is paying the tax. We will continue to be a strong partner to identify other ways we might assist the state. We might be able to find methods to provide more efficient and environmentally sustainable vehicle services to state agencies and motor pools through public/private partnerships.

SENATOR MANENDO:

How important is the rental-car industry to locals?

KEITH DUFFY (Risk Manager, Enterprise Rent-A-Car):

Half of Enterprise Rent-A-Car's business is through the home-city rental. In the Las Vegas area, we have 30 to 40 locations that service insurance replacement rentals, body shops and dealerships. It is substantially the whole market for our side of the business.

SENATOR MANENDO:

Would you briefly walk me through the procedure for a local person in Las Vegas to rent a car? Do you require use of a credit card or a debit card or proof of insurance?

MR. DUFFY:

We cannot rent without a major credit card and a valid driver's license along with insurance coverage. The renter can purchase insurance coverage from us. We sell damage waivers and other products to ensure recovery of a vehicle.

SENATOR MANENDO:

Is there an age restriction?

MR. DUFFY:

For insurance replacement it is age 18 to 20. Normal rental is usually age 21 and above, including seniors.

SENATOR MANENDO:

If someone is renting long-term, like four, five or six months, is it possible the car would be sold out from under them? Let us say, "party A" is in a four-month or six-month rental contract, and "party B" wants to buy the vehicle. What happens in such a situation?

MR. DUFFY:

It is based on the vehicle, and we have hundreds of the same type of vehicle.

SENATOR MANENDO:

But what if they wanted that specific car?

MR. DUFFY:

If the person wanted to purchase that specific vehicle, the vehicle would have to go through its normal life, and then, if it meets the requirements for sale, it can be sold at a later time.

SENATOR MANENDO:

So if "party A" was renting the vehicle and "party B" wanted to buy the car "party A" was using under a six-month rental contract, and the contract had not expired, do you grab that car? The reason I am asking is because it happened to me.

MR. DUFFY:

It is possible we may request that specific vehicle be returned. We like to do month-to-month contracts because we like to get them back and switch them out. On a longer contract, if we need to switch out a vehicle, we would.

ROBERT OSTROVSKY (Hertz Corporation):

In the case of Hertz, we would not rent a vehicle beyond a month. We believe a short-term rental is less than a month. Somebody may rent for a month and then re-rent that same vehicle on a new contract. If the rental goes beyond 30 days, there is a question of us becoming a lease company, which falls under a different statutory authority. You may have heard Enterprise likes the cars to be brought back every 30 days, probably for the same reason of avoiding becoming a lessor of cars where the rules change. Most of Hertz's fleet does not end up in a retail lot the way some other companies' fleets do. It varies by company, where they buy five vehicles and sell them retail. Other companies, Hertz being one, often get corporation fleets from General Motors or Chrysler and usually have a turn-back procedure where the vehicle goes back to the manufacturer. That car usually finds its way to a dealer's lot.

CHAIR BREEDEN:

Are there standard guidelines for each rental-car company about returning a car?

MR. OSTROVSKY:

To be sure, I would have to look at the short-term statutes, but I believe it is a month at a time. Some operations may have a leasing arm allowing them to lease vehicles for a longer period of time. Everyone who operates as a short-term lessor in Nevada operates under the same set of statutes. Anyone who leases vehicles for two or three years is operating under a different statute, and some rental-car companies may choose to operate a division under that statute. A lot of company policies will vary as to how old the renter has to be or if the car would be sold out from under the renter; those are individual company policies.

SENATOR SCHNEIDER:

Locals did not have to pay the tax for the Las Vegas theaters of performing arts. Is that correct?

MS. PITTMAN:

That is true.

SENATOR SCHNEIDER:

Are there any other taxes or fees locals do not pay?

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Ms. PITTMAN:

My understanding is the 2 percent taxes to Washoe County and Clark County were confined to airport locations only.

SENATOR MCGINNESS:

Reviewing the legislative history, [Exhibit D](#), in 1993 we imposed a 6 percent services tax. The companies received 4 percent and 2 percent went to the General Fund. Is there any portion of the tax that now goes back to the companies?

Ms. PITTMAN:

There have been some changes. The full 10 percent, where it used to be 4 percent, was used by the rental-car companies as a recovery surcharge for vehicle and licensing fees; that is standard in every state. Senate Bill No. 234 of the 75th Session required that the 4 percent went to the State, along with the 6 percent. It also allowed rental-car companies to recoup their costs associated with licensing and registration through a per-vehicle, per-day fee, which runs from a \$1 to \$1.45 a day. There is a sample receipt, [Exhibit D](#).

SENATOR MCGINNESS:

Does that fee apply at all locations?

Ms. PITTMAN:

Yes, that is my understanding.

SENATOR MCGINNESS:

Are there any other similar circumstances where a business collects a tax and keeps part of it?

Ms. PITTMAN:

I am not sure if that exists in other industries. I could look into it for you.

SENATOR MCGINNESS:

Are you keeping a fee of some sort?

Ms. PITTMAN:

The rental-car industry is not collecting a tax and keeping part of it. It is now all remanded to the State.

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CHAIR BREEDEN:

We will close the hearing on the rental-car presentation and open the hearing on Senate Bill (S.B.) 130.

[SENATE BILL 130](#): Revises certain provisions governing the titling and registration of off-highway vehicles. (BDR S-210)

SENATOR DEAN A. RHOADS (Rural Nevada Senatorial District):

The Legislative Committee on Public Lands has spent several interims working on a consensus resolution about the wide range of issues relating to off-highway vehicles (OHV). The increase in popularity of OHVs has created challenges for public-land managers in maintaining trails, enforcing responsible use of trails and rehabilitating areas disturbed by unauthorized users. After several sessions, S.B. No. 394 of the 75th Session set up a titling and registration program for OHVs.

Although we received the \$500,000 in seed money for the Department of Motor Vehicles (DMV) to implement the program, the deadline in S.B. No. 394 of the 75th Session needs to be extended. I am submitting a proposed amendment ([Exhibit G](#)) to S.B. 130 to extend the effective date and fix minor details in the bill.

TROY L. DILLARD (Deputy Director, Nevada Department of Motor Vehicles):

The DMV is primarily a Highway Fund agency, and S.B. 130 is outside the Highway Fund. We are prohibited from using Highway Fund resources for non-State Highway Fund projects. Finding the money for the OHV system from other sources was a lengthy process of negotiations with the Clark County Air Quality and Environmental Management and State sources for proper use of the money. Negotiations were completed late in 2010. On January 12, 2011, the money was deposited, and on January 20, 2011, the DMV was notified the money was available. Since then, we have received permission from the Interim Finance Committee to use some of the money, and we have begun to hire programmers. The problem is that it was one year from the date in the bill that DMV was notified the money was available or July 1, 2011, whichever came first. The issue is that there is too much programming and hiring of staff to put this program together in four months. Because of timing, S.B. 130 proposes to extend the date from July 1, 2011, to July 1, 2012, and will add an extra year to the appointment of commission members, which still needs to be done.



In the amendment, DMV is proposing a more flexible date structure than specified in S.B. 130 which ties us to when funds were deposited. This would allow flexible language setting the deadline to within 30 days of computer programming completion, hiring of staff and adoption of regulations, or July 1, 2012, whichever comes first.

The second part would correct an oversight in S.B. No. 394 of the 75th Session that the responsibility for Nevada Department of Transportation (NDOT) to designate OHV roadways was inadvertently given to DMV. This part of the amendment corrects that oversight, and NDOT's traffic engineer would be the one to review the submissions from cities or counties requesting certain sections of roadways be modified for off-highway use.

During joint application design sessions, it was recommended to allow the sale of certain vehicle data for certain purposes to companies registered with DMV. For instance, there are nationwide companies that gather information relating to accidents, recalls and things like that. In the highway world, when you buy a vehicle from a third party or a dealer, you get the recall notice at your address; they acquire the information from DMV records throughout the Country. This third part of the amendment allows for the same highway vehicles' structure to be created for OHVs. The same rates, restrictions, rules and requirements would also apply to those OHV-related companies.

The regulatory process required to put S.B. No. 394 of the 75th Session in place has been discussed with the Office of the Governor, which approved the exemptions under Executive Order 2011-01 (amended January 18, 2011 with EO 2011-4). This means no hold-up in getting this program in place.

LEAH BRADLE (Nevada Powersport Dealers Association):

We are in support of S.B. 130 and the proposed amendment. These bills and the OHV titling and registration program are products of hard work and compromise among user groups. We would like to see the OHV program turn into a benefit for everyone.

KYLE DAVIS (Nevada Conservation League):

We are proud to have been a part of S.B. No. 394 of the 75th Session. We want to make sure S.B. 130 is also passed to implement the OHV program.

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SENATOR SCHNEIDER:

It was a contentious subject for several sessions, and was finally worked out last Session. This is a good bill, and extending the time is the right thing to do, so we do not lose anything.

SENATOR SCHNEIDER MOVED TO DO PASS AS AMENDED S.B. 130.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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We will close S.B. 130 and open the hearing on Assembly Bill 43.

ASSEMBLY BILL 43: Extends the interval at which records of traffic citations must be audited by governmental agencies. (BDR 43-241)

JAVIER TRUJILLO (City of Henderson):

The passing of S.B. No. 438 of the 54th Session required governmental agencies to audit records of traffic citations at least twice a year. Assembly Bill 43 proposes to reduce this requirement to an annual audit and does not preclude any agency from conducting traffic citations audits more often. Traffic citations audits are conducted by governmental agencies to make certain that specific procedures are followed. There is more detail in my handout (Exhibit H). The City of Henderson has one internal auditor on staff. There are nearly 1,300 audit hours available a year. Performing the audit semiannually uses approximately 234 hours or 18 percent of the internal auditor's availability, greatly reducing resources to audit higher risk areas, especially in this economic environment. We have discussed A.B. 43 with representatives from local government and law enforcement agencies, and all support this request. We support auditing traffic citations and will continue to meet those requirements.

SENATOR SCHNEIDER:

How many auditors did you have in Henderson before the recession?

POLLY SHEESLEY (Internal Auditor, City of Henderson):

I am the only auditor. I did have some support staff.

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SENATOR MCGINNESS:  
You are it. Did you lose your support staff?

Ms. SHEESLEY:  
Yes.

SENATOR MCGINNESS:  
Moving the audit to be annual seems appropriate. I have been to Henderson's city hall and know they have laid off a lot of people. This bill seems like a fiscally responsible action to take.

SENATOR SCHNEIDER MOVED TO DO PASS A.B. 43.

SENATOR MCGINNESS SECONDED THE MOTION.

SENATOR MANENDO:  
For the record, this bill does not just apply to the City of Henderson; it is also applicable anywhere in the State.

CHAIR BREEDEN:  
It is my understanding that A.B. 43 applies to all.

BRIAN O'CALLAHAN (Las Vegas Metropolitan Police Department):  
We are in full support of A.B. 43. The Las Vegas Metropolitan Police Department goes through around 400,000 tickets a year. We have electronic and written tickets, and the semiannual audit is redundant. This bill will make it a lot easier for us, also.

CADENCE MATIJEVICH (City of Reno):  
We have had similar reductions in our staff, and this bill would allow efficiencies in completing the audit. I note the bill is enabling, as we could still conduct citation audits on a semiannual basis if we choose. This bill is helpful in removing the requirement to audit twice a year. We support A.B. 43.

SENATOR MANENDO:  
The City of Reno had a bill earlier in this Session pursuing privatization. Is the audit division one of the areas the City of Reno is considering privatizing?

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MS. MATIJEVICH:

The bill you are referring to is S.B. 124, Senator Kieckhefer's bill, which would allow us to examine privatization of all Reno's services. Certainly, an audit function would be one place. We used to have a primary auditor in the city manager's office. We no longer have that position. We now have individual auditors in certain divisions; in others, we do not. We would consider taking that to the private sector.

SENATE BILL 124: Revises provisions governing the displacement or limitation of competition in providing services by certain local governments. (BDR 21-750)

SENATOR MANENDO:

How many auditors does Reno have?

MS. MATIJEVICH:

I do not know how many. I believe it is more than one, but I would have to verify that. Unfortunately, our numbers change almost daily.

CHAIR BREEDEN:

We have a motion and a second to do pass. I call for the vote.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR BREEDEN:

There being no further business before the Senate Committee on Transportation, the meeting is adjourned at 4:47 p.m.

RESPECTFULLY SUBMITTED:

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Laura Adler,  
Committee Secretary

APPROVED BY:

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Senator Shirley A. Breeden, Chair

DATE: \_\_\_\_\_

<b><u>EXHIBITS</u></b>			
<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
	C	Lesley Pittman	Nevada Rental Car Group Presentation
S.B. 130	D	Lesley Pittman	Nevada Rental Car Group – State of the Industry Report
A.B. 43	E	Lesley Pittman	Report on Kansas State Vehicle Policy
A.B. 43	F	Lesley Pittman	Case Study, State of Georgia
S.B. 130	G	Senator Dean A. Rhoads	Proposed Conceptual Amendment (Revised
A.B. 43	H	Javier Trujillo	Remarks