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ALLEN BIAGGI, Administrator

(775) 687-4670

TDD 687-4678

Administration

Facsimile 687-5856

Water Pollution Control

Facsimile 687-4684

Mining Regulation and

Reclamation

Facsimile 684-5259

STATE OF NEVADA

KENNY C. GUINN

Governor



R. MICHAEL TURNIPSEED, Director

Waste Management

Corrective Actions

Federal Facilities

Air Pollution Control

Air Quality Planning

Water Quality Planning

Facsimile 687-6396

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

DIVISION OF ENVIRONMENTAL PROTECTION

333 W. Nye Lane, Room 138

Carson City, Nevada 89706

Testimony of Allen Biaggi, Administrator, Nevada Division of Environmental Protection on AB 74 (Brownfields Revolving Loan Fund)

Before Assembly Natural Resources Committee

February 24, 2003

Good afternoon Mr. Chairman and Natural Resource Committee members, my name is Allen Biaggi and I am the Administrator of the Nevada Division of Environmental Protection.

Assembly Bill 74 would allow the establishment of a revolving loan program relating to Brownfields. Let me begin by giving a brief overview of what is a Brownfields site is, what the Division has been doing over the last few years to encourage the redevelopment of property and what this bill will do.

A Brownfields site is real property that has contamination on it or is suspected of being contaminated. These sites are typically industrial or commercial properties that are abandoned or vacant due to hazardous substances present in soil or ground water from prior activities. Examples include former landfills, salvage yards, plating shops, gasoline stations and a variety of other industrial and manufacturing sites. As you are probably aware, serious ramifications can occur any time contamination is suspected on a piece of property. The costs of environmental clean up can be tremendous; sometimes in the tens or hundreds of millions of dollars for large sites. As a result of these costs and associated liabilities, many properties around the country and in Nevada do not get cleaned up and are underutilized. This is because landowners, prospective buyers and developers are reluctant to proceed with redevelopment even though the properties may be ideally suited and otherwise prime parcels. This can create decay in urban centers and increases the likelihood of sprawl where uncontaminated lands are pursued for development because the specter of contamination is not present.

In the 1999 session of the Nevada Legislature, Senator Titus sponsored SB 363, which established a Brownfields like voluntary clean up program in Nevada. This bill allowed owners and operators of properties to voluntarily enroll in the program and conduct necessary assessment and clean up activities without the fear of enforcement or penalties

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while removing much of the stigma associated with contaminated properties. The program also provides a certificate of completion after remediation. This certificate gives prospective lenders and purchasers the security and assurances they need to move forward with acquisition and redevelopment.

The bill before you this afternoon, AB 74, takes this program a step further by providing low interest loans to assist in the evaluation and clean up of contaminated properties. This provides further incentive to have impacted properties evaluated and cleaned up.

Capitalization of this program is from a \$2 million grant from the U.S. Environmental Protection Agency to the State of Nevada. These funds can be used to provide no or low interest grants to eligible recipients. Payments from these grants can be leveraged to make additional loans.

Previous pilot Brownfield grants have yielded very successful results in redevelopment efforts in Las Vegas as well as assessment projects in Reno, Battle Mountain and Tonopah.

Revolving loan programs are not new to our Agency. We have operated a highly successful loan program for a number of years relating to water pollution control. The Brownfields loan program would operationally be very similar to this program that has assisted communities across Nevada in designing and constructing wastewater collection and treatment systems.

The Division has been encouraging communities to consider application for Brownfields loans in the event this program is approved. Mineral County has been very proactive in this effort and is ready to initiate a project to evaluate a 240-acre former landfill.

In conclusion, we believe that the establishment of a Brownfields Loan Program, through AB 74 would be a win-win situation for Nevada and its communities by encouraging the assessment and clean up of contaminated properties and by stimulating that interest through the availability of low or no interest loans. This program will ensure properties are utilized to their fullest potential, serve to reduce urban sprawl, and, most importantly, protect public health and environmental quality.

If you have questions I would be happy to answer them.