

**MINUTES OF THE  
SENATE COMMITTEE ON NATURAL RESOURCES**

**Seventy-third Session  
February 16, 2005**

The Senate Committee on Natural Resources was called to order by Chair Dean A. Rhoads at 1:30 p.m. on Wednesday, February 16, 2005, in Room 2144 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Dean A. Rhoads, Chair  
Senator Mike McGinness, Vice Chair  
Senator Mark E. Amodei  
Senator Bob Beers  
Senator Bob Coffin  
Senator Michael Schneider  
Senator Maggie Carlton

**STAFF MEMBERS PRESENT:**

Linda Eissmann, Committee Policy Analyst  
Jonathan Sherwood, Committee Secretary

**OTHERS PRESENT:**

Alan Coyner, Administrator, Division of Minerals, Commission on Mineral Resources  
Russ Fields, President, Nevada Mining Association  
Alan Biaggi, Director, State Department of Conservation and Natural Resources

Chair Rhoads opened the meeting and turned it over to Alan Coyner, Administrator, Division of Minerals, Commission on Mineral Resources, for a presentation on the mining activities in the State. Mr. Coyner began with a PowerPoint presentation ([Exhibit C, original is on file in the Research Library](#)). The Commission's structure and budget were outlined first. Mr. Coyner emphasized money in the Commission's budget did not come from the General Fund. Senator Beers wanted to know what that meant. Mr. Coyner explained the Commission did not receive tax dollars as part of the appropriation

process. The Commission, he said, was funded entirely by fees. Chair Rhoads asked if the Commission received any of the net proceeds. Mr. Coyner replied net proceeds were a mines tax.

Mr. Coyner outlined the various programs such as the State reclamation bond pool and abandoned mine lands. He then showed a graph of mineral production in the State between 1973 and 2003 and the value of that production. He stated that all production companies must report their amounts and values to the commission by law. He also stated gold was the largest component of output in the State. Chair Rhoads noted the drop in petroleum production after 1992. Mr. Coyner said that would be illustrated in a later slide in the presentation.

Mr. Coyner continued his presentation. He detailed gold production between 1835 and 2003. He compared production between Nevada and the rest of the United States. He also said, "We are in the biggest gold boom in American history." Mr. Coyner displayed a map of the resources located throughout Nevada. He emphasized there were minerals in Clark County and the Legislators from that area should be aware of them. Mr. Coyner discussed the fall in silver production in the State as well as the closure of a major silver mine near Battle Mountain. He explained the growing population was increasing demand for mineral output in the State.

Mr. Coyner explained the reclamation bond pool. He said it was a way for smaller miners to access reclamation bonding, which is the cleaning of a mine before closure. The commission can currently bond up to \$3 million.

Mr. Coyner began the topic of exploration. He stated that exploration is needed in Nevada because the minerals being used up every year require replacement. He said exploration spending by companies was on the rise in Nevada. Comparatively, Nevada was the nation's leader in exploration spending. Mr. Coyner stated another statistic tracked was active mining claims. He said he anticipated a 25-percent increase this year in active claims versus 2003. He also explained when price and production increase, fraud also increases.

Mr. Coyner discussed minerals education and its importance. He said the Commission has over 200 educators who receive training in programs on the importance of mining and minerals to Nevada each year. The biggest program in the Commission, he said, was abandoned mines. He explained how abandoned

mines may look like interesting places to explore, but they are dangerous. Therefore, the Commission looks for abandoned mine sites, working to seal them off from the public. The Commission has discovered over 10,000 abandoned mines. The Commission works hard to make the public aware of the danger through classroom presentations and other venues. Mr. Coyner talked about the summer intern program and how the students have assisted the Commission over the years. He then discussed the abandoned mine lands (AML) backfill project. He said some mines are too dangerous and need to be completely filled in. He said there is a lot of bureaucracy involved with backfilling due to wildlife and archeological issues.

Mr. Coyner displayed a graph in his presentation that illustrated the State oil production levels between 1973 and 2003. This was followed by a graph displaying geothermal energy output. Mr. Coyner explained the Commission's work was increasing due to the greater demand for geothermal energy permits. Senator Beers asked what would cause a decrease in geothermal production. Mr. Coyner responded there were loads associated with geothermal plants and sometimes plants might not be operating at peak efficiency. Mr. Coyner then showed a map of geothermal energy potential, with Nevada being the State holding the greatest potential.

Senator Carlton asked how the work with geothermal energy fit with the issue of renewable energy tax credits and if those were being utilized. Mr. Coyner replied renewable tax credits were tradable and he was not familiar with them. He said the production tax credits (PTC) were included in the current year's budget. He explained the credits were critical to further production in the State. He said U.S. Senator Harry Reid was working to make the PTC permanent to geothermal production. Senator Carlton said the renewable energy tax credit was a State plan and was based on the renewable energy portfolio standard to which Sierra Pacific Power Company and Nevada Power Company must adhere. Senator Carlton asked if geothermal energy was part of the portfolio standard. Mr. Coyner stated geothermal energy was part of the standard but he was unable to fully answer the Senator's question.

Chair Rhoads then turned the meeting over to Russ Fields, President, Nevada Mining Association, for his presentation on mining issues in the State. Mr. Fields spoke from prepared notes ([Exhibit D](#)) and a PowerPoint presentation. Mr. Fields began with an overview of the Nevada Mining Association, its mission and history as well. He explained the importance of gold in Nevada's production of

minerals. Mr. Fields also agreed with Mr. Coyner's assessment that copper production would increase in the coming years. Mr. Fields stated his number of gold mines in the State differed from Mr. Coyner's because the method of grouping those mines differed. Mr. Fields spoke on the economic impacts of the mining industry in Nevada which are described in detail in the Economic Overview of the Nevada Mining Industry 2003 ([Exhibit E](#), original is on file in the Research Library).

Mr. Fields discussed a number of current issues including exploration of new mining sites in the State. He said exploration was really research and development for the mining industry as a whole. He said expansion of mining sites in Nevada meant more jobs. He explained the problem of a lack of skilled professionals due to the expansion of the industry, primarily in the underground mining sector. A major challenge for the mining industry, he said, was high energy costs. The energy costs were second only to human resources according to Mr. Fields. He stated more power plants would stabilize the mining companies in their operations.

Mr. Fields explained another major challenge for the mining industry is the time involved in obtaining permits. He said the time frames were too long due to the impact on public lands. Permits almost always involved the federal government and thus took a great deal of time. It was Mr. Fields' desire to streamline the process and make it more efficient.

The final presentation came from Alan Biaggi, Director, State Department of Conservation and Natural Resources. He provided a PowerPoint presentation ([Exhibit F](#), original is on file in the Research Library) concerning the various elements of the Department of Conservation and Natural Resources. He referred to the Department of Conservation and Natural Resources Perspectives: A Biennial Report of 2002-2004 ([Exhibit G](#), original is on file in Research Library) to provide more detail than his presentation. He also referred to the Nevada Water Law, An Overview ([Exhibit H](#)) to provide details concerning water issues in Nevada.

Mr. Biaggi began his presentation with the mission of the agency and the various divisions within it. He spoke of the importance of boards and commissions to the agency's overall mission. Mr. Biaggi used pie charts to illustrate the agency's funding, of which user fees played a significant role. He described the agency's upcoming move to a new building currently being

constructed. To meet the building's budget, high-density filing systems for the agency had to be cut. Mr. Biaggi stated the agency would be putting forth a bill to request funding for those high-density filing systems. Senator Coffin asked if the high-density filing systems added more weight to the building, possibly driving up the costs. Mr. Biaggi stated he felt the costs ran high throughout the construction and not due to weight alone.

Mr. Biaggi spoke of the various divisions within the Department, starting with the Office of the Director. He detailed the mission of the Director's Office and followed with its budget. He talked about the Q-1 program, named for the Question 1 Bond Initiative of 2002. The Bond issue provided \$200 million to be used in a variety of Nevada wildlife and natural resource projects. He detailed the different bond sales from the Q-1 program and some of the projects being worked on with the money.

Mr. Biaggi discussed the Division of Environmental Protection, beginning with the mission statement and its budget. He stated the budget for the Division is complex because of the mixture of fees and federal grants and a minimal amount of money from the General Fund. Mr. Biaggi explained an increase in the amount of full-time employees due to a transfer of the safe drinking water program from the Bureau of Health Protection Services, Health Division, Department of Human Resources, to the Division of Environmental Protection. He said the Committee would see Senate Bill (S.B.) 16 which will allow a modification to the State petroleum fund, allowing \$500,000 to be used for cleanups for spills in Nevada. The Committee would also see Assembly Bill (A.B.) 25 which will modify the make-up of the State Environmental Commission. This would remove the State Forester and allow a Governor-appointed position to be created. The final thing he mentioned in regard to the Division of Environmental Protection was Bill Draft Request (BDR) 401, which modifies the process of recycling in the State, especially in southern Nevada, and the way solid waste regulatory programs are run.

**SENATE BILL 16:** Authorizes use of money in Fund for Cleaning Up Discharges of Petroleum by State for cleanup of discharges involving petroleum and other discharges under certain circumstances. (BDR 51-662)

**ASSEMBLY BILL 25:** Revises membership of State Environmental Commission. (BDR 40-661)

**BILL DRAFT REQUEST 40-401**: Revises provisions concerning solid waste and recycling programs and grants. (Later introduced as [Senate Bill 396](#).)

Mr. Biaggi continued with the Division of Forestry speaking of their mission statement as well as their budget. In fiscal year 2007, the Division will have a change in employees due to camp reorganization activities which will increase the command and control environment over the camp structures.

Mr. Biaggi spoke of the Division of State Parks, and discussed their mission and budget as well as a BDR that the Committee would see during the session. The BDR was sponsored by Senator Titus which would allow the sale of 80 acres of land in the Red Rock conservation area in southern Nevada. He anticipated the sale would generate \$16 million which would be placed in an interest-bearing account. The interest from the account would be used for maintenance programs within the Division of State Parks. Money would then be freed up to be used elsewhere. Senator Coffin asked where the Red Rock land was located. Mr. Biaggi said it was along Pine Creek. He said the State picked up the land through condemnation in the 1970s. Senator Coffin asked what would happen to the surrounding lands once the area was sold. Mr. Biaggi explained it was surrounded by conservation land and the Bureau of Land Management (BLM) would pick up the land and consolidate it under BLM jurisdiction. Senator Beers asked how the value would be determined for the sale of the Red Rock land. Mr. Biaggi said the \$16 million was a rough estimate and before the actual sale land evaluations would have to be done. Senator Beers commented that recent land evaluations had come in low. Senator Coffin stated that \$16 million was a low value for the 80 acres. Mr. Biaggi replied the land was not open for development. There is no access to it through the BLM jurisdiction. He stated the land sale was not comparable to the land sales in Clark County or Las Vegas.

Mr. Biaggi spoke of the Division of State Lands and described their budget and mission statement. He made the Committee aware of two bills that concerned the division. The first was [A.B. 33](#) which modifies the way State lands can be sold in the State. The provisions currently in place had been there since 1957. The second bill was [BDR S-663](#) which continues the work of the Lake Tahoe environmental improvement project (EIP). It allows for bond sales of \$16.8 million and extends the time frames for EIP projects.

**ASSEMBLY BILL 33**: Revises provisions governing sale of state land.  
(BDR 26-664)

**BILL DRAFT REQUEST S-663:** Authorizes issuance of bonds for continued funding of environmental improvement projects at Lake Tahoe. (Later introduced as Senate Bill \_\_\_\_\_.)

Mr. Biaggi described the Division of Conservation Districts and its various aspects. He then moved on to the Division of Water Resources and talked about their mission statements and budget. He said there were no less than 19 water budgets pending before the 73rd Legislative Session. He stated any change to the water law should be carefully considered. He described two pieces of legislation the Committee would see. The first would provide additional funding for the channel clearance fund. Approximately \$250,000 would be requested to assist in this project. There would also be a BDR coming forward to request \$150,000 for the water litigation fund. This money would be in place in the event mediation activities fail regarding Walker Lake and Walker River.

Mr. Biaggi continued his presentation with the Nevada Natural Heritage Program and described their budget and function in the agency. He also pointed out the program was nonregulated and it was primarily a library and information repository concerning threatened and endangered species.

The final program Mr. Biaggi discussed was the Commission for the Preservation of Wild Horses. He described the purpose of the program and its structure. He also talked about their budget figures. He pointed out the difference between the wild horse program and the National Wild Horse and Burro Foundation. The wild horse program is a program at a State agency overseen by the State Department of Conservation and Natural Resources. The National Wild Horse and Burro Foundation is a private concern and assists the BLM with the wild horse adoption program. He said he was concerned with the federal budget cuts of \$2.5 million to the BLM wild horse program. Mr. Biaggi mentioned the Burns Amendment which allowed for the sale of wild horses after three adoption attempts. He stated the BLM was moving to implement the sale program. He said the agency fully supports adoption, but if adoption is not possible, then they encourage the BLM to treat the horses in a humane manner. Senator Schneider asked how many wild horses there were in Nevada. Mr. Biaggi said he thought there were roughly 14,000. Senator Schneider then asked how many wild burros there were in the State. Mr. Biaggi stated the wild burros were included in the total for wild horses. Senator McGinness mentioned an article from *Newsweek Magazine* titled "A New Range War" ([Exhibit I](#)) which said there were 18,985 wild horses in Nevada.

Senator Amodei asked if Mr. Biaggi could give the Committee some of the budget figures from the Division of Water Resources from previous years. He stated that many in western Nevada felt the budgets for the Division were too small. He also wanted to know how the division was doing with resources relative to ten years ago considering the rapid growth of the State. Mr. Biaggi stated adequate resources were there for all of the divisions within the agency. He stated there had been a gradual increase in the Division of Water Resources' budget in the past ten years. He said things within the division had become more efficient and thus required fewer increases in resources. Senator Amodei stated resource estimates by the agency had to be examined closely due to the high growth rate of the State. He said the State needed to be responsible in how its resources are being utilized. He also said that with growing budget demands, more data would be needed to ensure the agency's mission could be completed.

Chair Rhoads adjourned the meeting at 2:51 p.m.

RESPECTFULLY SUBMITTED:

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Jonathan Sherwood,  
Committee Secretary

APPROVED BY:

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Senator Dean A. Rhoads, Chair

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



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