

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

**Seventy-third Session  
March 2, 2005**

The Senate Committee on Natural Resources was called to order by Chair Dean A. Rhoads at 1:30 p.m. on Wednesday, March 2, 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  
Michael J. Stewart, Committee Policy Analyst  
Jonathan Sherwood, Committee Secretary

**OTHERS PRESENT:**

Mike L. Baughman, Humboldt River Basin Water Authority  
Joseph Guild, Newmont Mining Corporation  
Joe L. Johnson, Toiyabe Chapter Sierra Club  
Randall C. Robison, Virgin Valley Water District

Chair Rhoads called the meeting to order and opened the hearing on Senate Bill (S.B.) 35.

**SENATE BILL 35:** Revises provisions governing certain transfers of water.  
(BDR 48-425)

Michael J. Stewart, Principal Research Analyst, Research Division, Legislative Counsel Bureau, explained S.B. 35. He spoke from prepared notes ([Exhibit C](#)). Senator Beers asked if there was any legal connotation in changing the word "tax" to the word "fee." Mr. Stewart said Mike L. Baughman, Humboldt River Basin Water Authority, could answer the question.

Mr. Baughman spoke from prepared notes ([Exhibit D](#)). He explained how the Humboldt River Basin Water Authority was formed. He said the Humboldt River Basin Water Authority and Lincoln County supported S.B. 35. He said when water left an area, economic opportunity was lost. He said *Nevada Revised Statutes* (NRS) 533.438 was designed to ease the economic burden of moving water from one place to another. He explained money collected for specific purposes were fees and not taxes. Chair Rhoads asked if the \$6 tax had ever been applied. Mr. Baughman stated it had not been applied. Chair Rhoads asked if there had been a lawsuit between Eureka County and Newmont Mining Corporation over the tax. Mr. Baughman said he did not know the specifics on the lawsuit. Mr. Baughman stated NRS 533.438 did not apply to mine dewatering.

Senator Carlton asked why the word "tax" was used in the original statute. Mr. Baughman said he could find no reason why "tax" was used.

Chair Rhoads asked where mine dewatering was referred to in NRS 533.438. Mr. Baughman said it was in subsection 4. Chair Rhoads asked if the statute would apply to mine dewatering if the water was allowed to run into the river. Mr. Baughman said mine dewatering was designated as a beneficial use but the tax did not apply. Joseph Guild, Newmont Mining Corporation agreed with Mr. Baughman. Mr. Guild clarified there was a lawsuit between Eureka County and Barrick Gold Corporation. He explained there had only been one instance of mine dewatering water entering another county in Nevada which was why it was exempt from the tax. He said the tax is only to be imposed when one county benefits from water coming from another county. Chair Rhoads asked what would happen if water crossed more than one county line. Mr. Guild said only the county where the water originated could impose the tax. Other counties the water would travel through would not be able to impose any tax on the water.

Joe L. Johnson, Toiyabe Chapter Sierra Club, spoke in support of S.B. 35. He said the \$10 fee was inadequate because the value of the water was greater

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than what the Consumer Price Index stated. He also said the use of the term "economic development" in S.B. 35, section 1, subsection 5, was too general and needed to be clarified. Mr. Johnson said the issue of wells being in one county and the aquifer for those wells being in another county needed clarification.

Randall C. Robison, Virgin Valley Water District, asked for time to get clarification on S.B. 35, section 1, subsection 6, regarding the issue of a basin being in more than one county.

Chair Rhoads closed the hearing on S.B. 35.

Chair Rhoads adjourned the meeting at 1:57 p.m.

RESPECTFULLY SUBMITTED:

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Jonathan Sherwood,  
Committee Secretary

APPROVED BY:

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Senator Dean A. Rhoads, Chair

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