

SENATE BILL NO. 476—COMMITTEE ON TRANSPORTATION
AND HOMELAND SECURITY

MARCH 29, 2005

Referred to Committee on Taxation

SUMMARY—Makes certain changes relating to tax on special fuels and registration of motor vehicles powered by electrical power or alternative fuel. (BDR 32-1301)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~fornitted-material~~ is material to be omitted.

AN ACT relating to motor vehicles; providing for a tax credit for certain taxes paid by special fuel users; providing for an exemption from the registration fee for certain new vehicles powered by electrical power or alternative fuel; providing for an exemption from the requirements for vehicle emissions testing for certain new motor vehicles powered by electrical power or alternative fuel; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 366 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The Department shall provide for a credit of 10 percent of the tax paid pursuant to the provisions of this chapter by a special fuel user who purchases special fuel for use in a new vehicle that is powered solely by special fuel. The credit must expire 1 year after the date of purchase of the vehicle.

2. The Department shall adopt regulations necessary to carry out the provisions of this section, including, without limitation:

(a) Limiting the tax credit to a maximum of 250 new vehicles per year;



1 (b) *Establishing the procedure for applying for and obtaining*
2 *the tax credit;*

3 (c) *Requiring a special fuel user who applies for the tax credit*
4 *to purchase special fuel from existing fueling stations or new*
5 *fueling stations approved by the Department;*

6 (d) *Providing for a method of recording and reporting the tax*
7 *paid pursuant to this chapter by a special fuel user; and*

8 (e) *Providing that a special fuel user is not eligible for the tax*
9 *credit for any special fuel purchased for use in a bi-fueled motor*
10 *vehicle that is powered by any fuel other than special fuel.*

11 3. *The tax credit applies only in those cases where the special*
12 *fuel user establishes to the satisfaction of the Department that the*
13 *user meets the requirements of subsection 1 and any other*
14 *requirements established by the Department.*

15 4. *As used in this section:*

16 (a) *“Bi-fueled motor vehicle” has the meaning ascribed to it in*
17 *NRS 486A.040.*

18 (b) *“New vehicle” has the meaning ascribed to it in*
19 *NRS 482.076.*

20 (c) *Notwithstanding the provisions of NRS 366.060, “special*
21 *fuel” means:*

22 (1) *Biodiesel fuel;*

23 (2) *Compressed natural gas;*

24 (3) *Ethanol;*

25 (4) *Hydrogen;*

26 (5) *Hydrogen-enriched compressed natural gas;*

27 (6) *Liquefied natural gas; and*

28 (7) *Liquefied petroleum gas.*

29 **Sec. 2.** Chapter 445B of NRS is hereby amended by adding
30 thereto a new section to read as follows:

31 1. *The Commission shall provide for an exemption from the*
32 *provisions of NRS 445B.700 to 445B.845, inclusive, for a new*
33 *vehicle that is powered solely by electrical power or alternative*
34 *fuel. The exemption must expire 1 year after the date of purchase*
35 *of the vehicle.*

36 2. *The Commission shall limit the exemption to 250 new*
37 *vehicles per year.*

38 3. *The Commission shall adopt regulations necessary to carry*
39 *out the provisions of this section.*

40 4. *As used in this section:*

41 (a) *“Alternative fuel” means:*

42 (1) *Biodiesel fuel;*

43 (2) *Compressed natural gas;*

44 (3) *Ethanol;*

45 (4) *Hydrogen;*



- (5) *Hydrogen-enriched compressed natural gas;*
- (6) *Liquefied natural gas; and*
- (7) *Liquefied petroleum gas.*

(b) *“New vehicle” has the meaning ascribed to it in NRS 482.076.*

Sec. 3. NRS 445B.700 is hereby amended to read as follows:

445B.700 As used in NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act*, unless the context otherwise requires, the words and terms defined in NRS 445B.705 to 445B.758, inclusive, have the meanings ascribed to them in those sections.

Sec. 4. NRS 445B.759 is hereby amended to read as follows:

445B.759 1. The provisions of NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act* do not apply to military tactical vehicles.

2. As used in this section, “military tactical vehicle” means a motor vehicle that is:

(a) Owned or controlled by the United States Department of Defense or by a branch of the Armed Forces of the United States; and

(b) Used in combat, combat support, combat service support, tactical or relief operations, or training for such operations.

Sec. 5. NRS 445B.798 is hereby amended to read as follows:

445B.798 In a county whose population is 100,000 or more, the Department of Motor Vehicles may conduct a test of the emissions from a motor vehicle which is being operated on a highway in that county to determine whether the vehicle complies with the provisions of NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act* and the regulations adopted pursuant thereto.

Sec. 6. NRS 445B.800 is hereby amended to read as follows:

445B.800 1. Subject to any applicable limitation of NRS 445B.700 to 445B.815, inclusive, and any regulation adopted pursuant thereto, no used motor vehicle which requires inspection pursuant to the regulations adopted by the Commission under NRS 445B.770 may be registered unless the application for registration is accompanied by evidence of compliance issued by any authorized inspection station, authorized station or fleet station certifying that the vehicle is equipped with devices for the control of pollution from motor vehicles required by federal regulation or such other requirements as the Commission may by regulation prescribe under the provisions of NRS 445B.700 to 445B.845, inclusive ~~§~~, *and section 2 of this act.*

2. If:

(a) A seller of a used vehicle is required to complete a dealer’s report of sale pursuant to the provisions of NRS 482.424; or



(b) A long-term lessor of a used vehicle is required to complete a long-term lessor's report of lease pursuant to the provisions of NRS 482.4245,

the seller or long-term lessor shall also provide the buyer or long-term lessee with any evidence of compliance required pursuant to subsection 1.

3. The requirements of this section apply only:

(a) To passenger cars and light-duty motor vehicles which use diesel fuel and are based in a county whose population is 100,000 or more; and

(b) In counties where a program of inspecting and testing motor vehicles and systems for the control of emissions from motor vehicles has been implemented pursuant to NRS 445B.770.

Sec. 7. NRS 445B.810 is hereby amended to read as follows:

445B.810 In furtherance of the provisions of NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act* and the enforcement thereof, the State Department of Conservation and Natural Resources shall consult with the Department of Motor Vehicles and furnish it with technical information, including testing techniques, procedures for quality assurance and standards adopted by the Commission, and instruction for emission control features and equipment.

Sec. 8. NRS 445B.815 is hereby amended to read as follows:

445B.815 1. Except as otherwise provided in subsection 2, persons employed at branch offices of the Department of Motor Vehicles and the offices of county assessors who are acting as agents of the Department in the collection of fees for registration shall not register:

(a) A passenger car or light-duty motor vehicle which:

(1) Uses motor vehicle fuel or special fuel;

(2) Is based in a county whose population is 100,000 or more; and

(3) Requires inspection pursuant to the regulations adopted by the Commission under NRS 445B.770;

(b) A heavy-duty motor vehicle having a manufacturer's gross vehicle weight rating which does not exceed 10,000 pounds that:

(1) Uses motor vehicle fuel or special fuel;

(2) Is based in a county whose population is 100,000 or more; and

(3) Requires inspection pursuant to the regulations adopted by the Commission under NRS 445B.770; or

(c) A vehicle which:

(1) Is based in an area of this State designated by the Commission; and



(2) Requires inspection pursuant to the regulations adopted by the Commission under NRS 445B.770, until evidence of compliance with NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act* has been provided.

2. An owner or lessee of a fleet of three or more vehicles may, upon application to the Department of Motor Vehicles, submit evidence of compliance for his motor vehicles in a manner determined by that Department.

Sec. 9. NRS 445B.830 is hereby amended to read as follows:

445B.830 1. In areas of the State where and when a program is commenced pursuant to NRS 445B.770 to 445B.815, inclusive, the following fees must be paid to the Department of Motor Vehicles and accounted for in the Pollution Control Account, which is hereby created in the State General Fund:

(a) For the issuance and annual renewal of a license for an authorized inspection station, authorized maintenance station, authorized station or fleet station \$25

(b) For each set of 25 forms certifying emission control compliance 150

(c) For each form issued to a fleet station 6

2. Except as otherwise provided in subsections 4, 5 and 6, and after deduction of the amount required for grants pursuant to paragraph (a) of subsection 4, money in the Pollution Control Account may, pursuant to legislative appropriation or with the approval of the Interim Finance Committee, be expended by the following agencies in the following order of priority:

(a) The Department of Motor Vehicles to carry out the provisions of NRS 445B.770 to 445B.845, inclusive ~~§~~, *and section 2 of this act*.

(b) The State Department of Conservation and Natural Resources to carry out the provisions of this chapter.

(c) The State Department of Agriculture to carry out the provisions of NRS 590.010 to 590.150, inclusive.

(d) Local governmental agencies in nonattainment or maintenance areas for an air pollutant for which air quality criteria have been issued pursuant to 42 U.S.C. § 7408, for programs related to the improvement of the quality of the air.

(e) The Tahoe Regional Planning Agency to carry out the provisions of NRS 277.200 with respect to the preservation and improvement of air quality in the Lake Tahoe Basin.

3. The Department of Motor Vehicles may prescribe by regulation routine fees for inspection at the prevailing shop labor rate, including, without limitation, maximum charges for those fees, and for the posting of those fees in a conspicuous place at an authorized inspection station or authorized station.



1 4. The Department of Motor Vehicles shall by regulation
2 establish a program to award grants of money in the Pollution
3 Control Account to local governmental agencies in nonattainment or
4 maintenance areas for an air pollutant for which air quality criteria
5 have been issued pursuant to 42 U.S.C. § 7408, for programs related
6 to the improvement of the quality of air. The grants to agencies in a
7 county pursuant to this subsection must be made from:

8 (a) An amount of money in the Pollution Control Account that is
9 equal to one-sixth of the amount received for each form issued in
10 the county pursuant to subsection 1; and

11 (b) Excess money in the Pollution Control Account. As used in
12 this paragraph, "excess money" means the money in excess of
13 \$500,000 remaining in the Pollution Control Account at the end of
14 the fiscal year, after deduction of the amount required for grants
15 pursuant to paragraph (a) and any disbursements made from the
16 Account pursuant to subsection 2.

17 5. Any regulations adopted pursuant to subsection 4 must
18 provide for the creation of an advisory committee consisting of
19 representatives of state and local agencies involved in the control of
20 emissions from motor vehicles. The committee shall:

21 (a) Review applications for grants and make recommendations
22 for their approval, rejection or modification;

23 (b) Establish goals and objectives for the program for control of
24 emissions from motor vehicles;

25 (c) Identify areas where funding should be made available; and

26 (d) Review and make recommendations concerning regulations
27 adopted pursuant to subsection 4 or NRS 445B.770.

28 6. Grants proposed pursuant to subsections 4 and 5 must be
29 submitted to the appropriate Deputy Director of the Department of
30 Motor Vehicles and the Administrator of the Division of
31 Environmental Protection of the State Department of Conservation
32 and Natural Resources. Proposed grants approved by the appropriate
33 Deputy Director and the Administrator must not be awarded until
34 approved by the Interim Finance Committee.

35 **Sec. 10.** NRS 445B.835 is hereby amended to read as follows:

36 445B.835 1. The Department of Motor Vehicles may impose
37 an administrative fine, not to exceed \$2,500, for a violation of any
38 provision of NRS 445B.700 to 445B.845, inclusive, *and section 2*
39 *of this act*, or any rule, regulation or order adopted or issued
40 pursuant thereto. The Department shall afford to any person so fined
41 an opportunity for a hearing pursuant to the provisions of
42 NRS 233B.121.

43 2. All administrative fines collected by the Department
44 pursuant to subsection 1 must be deposited with the State Treasurer
45 to the credit of the Pollution Control Account.



3. In addition to any other remedy provided by NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act*, the Department may compel compliance with any provision of NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act*, and any rule, regulation or order adopted or issued pursuant thereto, by injunction or other appropriate remedy and the Department may institute and maintain in the name of the State of Nevada any such enforcement proceedings.

Sec. 11. NRS 445B.845 is hereby amended to read as follows:

445B.845 1. A violation of any provision of NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act* relating to motor vehicles, or any regulation adopted pursuant thereto relating to motor vehicles, is a misdemeanor. The provisions of NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act*, or any regulation adopted pursuant thereto, must be enforced by any peace officer.

2. Satisfactory evidence that the motor vehicle or its equipment conforms to those provisions or regulations, when supplied by the owner of the motor vehicle to the Department of Motor Vehicles within 10 days after the issuance of a citation pursuant to subsection 1, may be accepted by the court as a complete or partial mitigation of the offense.

Sec. 12. NRS 481.0481 is hereby amended to read as follows:

481.0481 1. There is hereby created within the Department a Section for the Control of Emissions From Vehicles and the Enforcement of Matters Related to the Use of Special Fuel.

2. The Director shall, within the limits of legislative appropriations, appoint to the Section investigators, officers and technicians for:

(a) The control of emissions from vehicles; and

(b) The enforcement of matters related to the use of special fuel.

3. The duties of the investigators, officers and technicians are to travel the State and:

(a) Act as agents and inspectors in the enforcement of the provisions of chapter 366 of NRS, NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act*, chapter 482 of NRS, and NRS 484.644 and 484.6441.

(b) Cooperate with the Division of Environmental Protection of the State Department of Conservation and Natural Resources in all matters pertaining to the control of emissions from vehicles.

(c) Cooperate and coordinate with the personnel of the Nevada Highway Patrol in all matters pertaining to the enforcement of the provisions of chapter 366 of NRS as those provisions relate to the use of special fuel by motor vehicles.

(d) Perform such other duties as may be imposed by the Director.



1 4. As used in this section, "special fuel" has the meaning
2 ascribed to it in NRS 366.060.

3 **Sec. 13.** Chapter 482 of NRS is hereby amended by adding
4 thereto a new section to read as follows:

5 *1. The Department shall provide for an exemption or partial*
6 *exemption from the registration fee imposed by this chapter for a*
7 *new vehicle that is powered solely by electrical power or*
8 *alternative fuel. The exemption must expire 1 year after the date of*
9 *purchase of the vehicle.*

10 *2. The Department shall limit the exemption to 250 new*
11 *vehicles per year.*

12 *3. The exemption:*

13 *(a) During the fiscal year beginning July 1, 2005, must be for*
14 *the full amount of the registration fee.*

15 *(b) During any subsequent fiscal year must be limited to not*
16 *more than \$300.*

17 *4 The Department shall adopt regulations necessary to carry*
18 *out the provisions of this section.*

19 *5. As used in this section "alternative fuel" means:*

20 *(a) Biodiesel fuel;*

21 *(b) Compressed natural gas;*

22 *(c) Ethanol;*

23 *(d) Hydrogen;*

24 *(e) Hydrogen-enriched compressed natural gas;*

25 *(f) Liquefied natural gas; and*

26 *(g) Liquefied petroleum gas.*

27 **Sec. 14.** NRS 482.461 is hereby amended to read as follows:

28 482.461 1. If the test conducted pursuant to NRS 445B.798
29 indicates that a motor vehicle which is registered in a county whose
30 population is 100,000 or more does not comply with the provisions
31 of NRS 445B.700 to 445B.845, inclusive, *and section 2 of this act*
32 and the regulations adopted pursuant thereto, the Department shall
33 mail to the registered owner of the vehicle a notice that his vehicle
34 has failed the test.

35 2. The notice must include:

36 (a) The information set forth in subsection 3;

37 (b) A written statement which contains the results of the test
38 conducted pursuant to NRS 445B.798; and

39 (c) Any other information the Department deems necessary.

40 3. The Department shall rescind and cancel the registration of
41 any motor vehicle which fails the test conducted pursuant to NRS
42 445B.798, unless within 30 days after the notice is mailed by the
43 Department pursuant to subsection 2, the registered owner of the
44 vehicle:



1 (a) Has the vehicle inspected by an authorized station or
2 authorized inspection station to determine whether the vehicle
3 complies with the provisions of NRS 445B.700 to 445B.845,
4 inclusive, *and section 2 of this act* and the regulations adopted
5 pursuant thereto; and

6 (b) Provides to the Department evidence of compliance issued
7 by the authorized station or authorized inspection station certifying
8 that the vehicle complies with the provisions of NRS 445B.700 to
9 445B.845, inclusive, *and section 2 of this act* and the regulations
10 adopted pursuant thereto.

11 4. The registered owner of the vehicle shall pay the cost of the
12 inspection required pursuant to subsection 3.

13 5. As used in this section:

14 (a) "Authorized inspection station" has the meaning ascribed to
15 it in NRS 445B.710.

16 (b) "Authorized station" has the meaning ascribed to it in
17 NRS 445B.720.

18 **Sec. 15.** This act becomes effective on July 1, 2005, and
19 expires by limitation on June 30, 2009.



