

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON NATURAL RESOURCES, AGRICULTURE, AND
MINING**

**Seventy-Sixth Session
April 7, 2011**

The Committee on Natural Resources, Agriculture, and Mining was called to order by Chair Maggie Carlton at 1:16 p.m. on Thursday, April 7, 2011, in Room 3161 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/76th2011/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblyman Joseph M. Hogan, Vice Chair
Assemblyman Paul Aizley
Assemblyman Elliot T. Anderson
Assemblyman David P. Bobzien
Assemblywoman Irene Bustamante Adams
Assemblyman John Ellison
Assemblyman Ed A. Goedhart
Assemblyman Ira Hansen
Assemblyman Kelly Kite
Assemblyman Pete Livermore
Assemblyman Harvey J. Munford
Assemblywoman Peggy Pierce

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Amelie Welden, Committee Policy Analyst
Randy Stephenson, Committee Counsel
Judith Coolbaugh, Committee Secretary
Sherwood Howard, Committee Assistant

OTHERS PRESENT:

Kyle Davis, representing the Nevada Conservation League
Tina Nappe, representing the Toiyabe Chapter, Sierra Club
Ken Mayer, Acting Director, Department of Wildlife
Elmer Bull, Chief, Habitat Division, Department of Wildlife
Larry Johnson, President, Coalition for Nevada's Wildlife, Inc.
Chris MacKenzie, Private Citizen, Carson City, Nevada
John M. Cabaniss Jr., Director, Environment and Energy, Association of
Global Automakers
Alfredo Alonso, representing the Alliance of Automobile Manufacturers
John P. Sande III, representing the Nevada Franchised Auto Dealers
Association
Jeff Jetter, Principal Chemist, Fuels and Emissions Group, Honda R&D
Americas, Inc.
George Ross, representing Afton Chemical Corporation
William S. Striejewski, Senior Petroleum Chemist, Bureau of Petroleum
Technology, Division of Measurement Standards, State Department
of Agriculture
Lon Beal, Administrator, Bureau of Weights and Measures, Division of
Measurement Standards, State Department of Agriculture
Jason King, P.E., State Engineer, State Engineer's Office, Division of
Water Resources, State Department of Conservation
Andy Belanger, Manager, Management Services, Las Vegas Valley Water
District, Southern Nevada Water Authority
Joseph Johnson, representing the Toiyabe Chapter, Sierra Club

Chair Carlton:

[The roll was called.] I am opening the hearing on Assembly Bill 503.

Assembly Bill 503: Revises certain provisions governing the conservation of
habitat for wildlife. (BDR 45-1091)

Kyle Davis, representing the Nevada Conservation League:

The bill has three purposes. First, it changes the name "habitat conservation fee" to "conservation fee." Second, it increases the current fee from \$3 per license to \$5 for residents and \$10 for nonresidents. Third, it creates a new fee for wildlife watchers to access state Wildlife Management Areas (WMA).

I would like to cover some background on the reasons for requesting these three changes. There is a lot more that goes into habitat work than just simple on-the-ground projects, and it is important to evaluate the effectiveness of those projects. I have submitted a minor amendment to the bill ([Exhibit C](#)). The amendment was needed to ensure that 25 percent of the money raised by the conservation fee would be spent on wildlife monitoring and surveys. The current language reads the amount would be 25 percent of the entire wildlife account. Other than that minor change, the bill is correct.

The language allowing money to be spent on monitoring is necessary for two reasons. We need to make sure the habitat projects we are funding are effective and actually do the job we want them to do. Also, there is a tremendous need for good data within the Department of Wildlife (DOW). When the U.S. Fish and Wildlife Service visits the state and requests information about what we are doing to conserve the sage grouse habitat, need data to show them what projects were undertaken, and what were the results of our efforts.

The reason for dividing the fee into two categories—resident and nonresident—is it mirrors the language used for other fees in areas related to hunting and fishing licenses. We feel it is appropriate to offer a similar reduction to residents on this conservation fee. We are talking about a \$2 increase for residents who buy these licenses. When the habitat conservation fee was created in the 72nd Session, there was an identifiable need for us to do more work on wildlife habitat. The need has increased because we have more Species of Concern, such as the sage grouse, that we are worried about being listed on the Endangered Species Program. Therefore, we have to focus on doing more habitat restoration and work. The work will increase the population and improve the health of other wildlife species, such as the mule deer. The fee has not been addressed since 2003, and we believe a \$2 increase is affordable for most people.

The third change is the creation of a fee for wildlife watchers to access state WMAs. From the conservation community's perspective, we are looking for a way for people who enjoy Nevada's wildlife but who do not necessarily hunt, fish, or trap to be able to contribute to the management of our wildlife

resources. It would be a one-time yearly fee similar to the existing habitat conservation fee. We have 11 WMAs in the state ([Exhibit D](#)). They are public lands owned by the state, and they are usually used for hunting. The state spends money to manage wildlife in these areas so that they continue to be a resource for people who are hunting, animal watching, or hiking. Historically, the management of these areas has been borne by sportsmen's dollars. Our goal is to have all users help fund the WMAs.

So essentially our goal here is to try to create some more funding for habitat projects and to be able to monitor the effects of those habitat projects to make sure that we are spending sportsmen's dollars—and possibly now certain non-sportsmen's dollars—in the most effective way possible.

I have submitted a letter of support from the Lahontan Audubon Society ([Exhibit E](#)). Tina Nappe, from the Sierra Club, will continue with testimony.

Tina Nappe, representing the Toiyabe Chapter, Sierra Club:

We have endorsed the new fee of \$5 for residents and \$10 for nonresidents who access WMAs as described in this bill. Thank you for sponsoring A.B. 503. If approved by this session of the legislature, this bill will include for the first time a fee for nonhunters. [Ms. Nappe continued to read from prepared testimony ([Exhibit F](#)). Some supplemental information and dialogue have been included where appropriate.] While the public has been underwriting the cost of the acquisition and improvements on many of these WMAs, they have not been contributing funds for staffing and operations. We support using 25 percent of the fee income for monitoring and surveys. Conservationists were active participants in Governor Guinn's Sage-Grouse Conservation Team. Maintenance and improvement of habitat were identified as priorities, and surveys and monitoring of both the species and the projects are necessary. We hope eventually sufficient funds will be generated to help with the biodiversity program. The sportsmen of Nevada have been generous with their willingness to bear the primary burden of investing in our state's wildlife. Unfortunately, the cost for managing wildlife areas has steadily increased, while the number of huntable animals and sportsmen is unlikely to grow at the same rate. We, the nonhunting public, are increasing in number and impacting the future of wildlife without contributing to its maintenance. It is essential that the general public contribute.

The Toiyabe Chapter of the Sierra Club supports acquisition and maintenance of habitats for wildlife. The DOW has many fine wildlife management areas, which Sierra Club members and the general public access for recreation. I do not know how much money this fee will raise, but it will directly connect

the nonhunting public with the DOW. This legislation creates a bridge between the DOW and the nonhunting public, which is important to the future of our wildlife.

Chair Carlton:

Are there any questions?

Assemblyman Livermore:

It is a pleasure to see other people besides hunters and fishermen being asked to help pay for the management of these locations. But you are talking about a fee for people who are not used to buying a license. What agency will sell these? How do purchasers display it? What is the fine if you do not have one?

Kyle Davis:

The DOW would sell them. We are creating a situation for a new group of people to pay the same fee that is currently being paid by sportsmen. It is not a new fee, but a new audience that would be paying the fee. I do not know the amount of any fine for not having it.

Assemblyman Livermore:

I did not see anything in the legislation to create a fine penalty. The legislation authorizes it, but there is no incentive to acquire it. The \$5 fee must also include funds to cover the cost of a processing fee. It is a new cost to people to access public lands. How are you going to enforce the payment of the fee? Do you have to pay a park admission fee in addition to this new fee?

Kyle Davis:

We are talking about state WMAs. These areas are separate from state or national parks.

Assemblyman Livermore:

How about Lahontan State Park?

Kyle Davis:

It is not a Wildlife Management Area.

Assemblyman Livermore:

How do we know where the areas are?

Chair Carlton:

We can have the DOW come up and talk about the day-to-day specifics of how the fee will operate.

Assemblyman Livermore:

That would be very appropriate.

Chair Carlton:

They are next on the witness list, and we will get your questions answered. Ms. Nappe, did you have a comment?

Tina Nappe:

Mr. Livermore, I really appreciate the administrative approach you take. I also thought about those issues. However, this is a whole new relationship. Sportsmen have had this relationship and so they know where to go. I would hope in the development and implementation of this fee that fines will not be part of the process, at least initially. It will take some time to establish the protocol for accessing these areas. We, as conservationists, need to actively promote the program. It is my hope that the DOW will include us in the process of development since we are the ones who will be impacted. We need to all work together.

Assemblyman Hansen:

If the purpose of this new program is to expand the amount of available habitats, why would we collect these fees for lands that have already been purchased? Is there a way to acquire new lands to establish your own conservation areas? We own these lands, and hunters are paying a fee.

Tina Nappe:

Currently, there are 11 WMAs and the possibility of having 2 more added, including Carson Lake Wetlands, which is a very popular birding area. We were not looking at purchasing new lands with this fee. Just helping with the operation and maintenance of the existing areas is very important. That is the focus for the funds being generated by this new fee.

Assemblyman Bobzien:

There are two existing models I can think of. In certain forests managed by the U.S. Forest Service, you drive in the access road and a sign will say, "Pay for your Adventure Pass." The user is supposed to have his pass with him. There are no manned kiosks where you stop and pay a fee. It is an honor system program.

The other model is the Pyramid Lake program. There is no entrance fee but the user is supposed to have a day-use permit with him. You can purchase it in Nixon or at the store in Sutcliffe. I was wondering if those were models you were considering. We need to develop an educational program to let people know a fee is required.

One of my favorite fishing spots is on the Bruneau River in northeastern Nevada. If I have my fishing license with me, do I also have to pay the conservation fee? Or if I am going to be there for a couple of days camping and my purpose is to fish, am I already covered with my consumptive license?

Kyle Davis:

I will answer your last question first. If you have already bought a consumptive license, you would not need to pay an additional fee to be in a WMA. We are expecting the fee payment to be somewhat on an honor system. The enforcement of the program will be similar to the current enforcement method used to check for hunting and fishing licenses. If you are in a Wildlife Management Area and you are bird watching, you probably will not see a game warden. If you do, you will need to show proof of the payment of the conservation fee.

Assemblyman Goedhart:

Currently, there is no entrance fee for nonhunting users of the WMA. Is that correct?

Tina Nappe:

That is correct. I also served on the Board of Wildlife Commissioners for about 15 years, and I gained an appreciation for the work completed by the DOW and the contributions sportsmen make. As a conservationist, I have been concerned, over the years, that there is no direct contribution being made by the general public and conservationists to help maintain our state's wildlife. Many of the WMA were purchased with public funds, not just sportsmen's funds. The public is not aware of the costs involved in managing these areas. I am hoping by charging this fee we can begin talking about the real costs of wildlife management. The nonhunting public just assumes wildlife exists without any expense for management and maintenance.

Assemblyman Livermore:

On page 3, line 32, the bill calls for monitoring of the wildlife. Who is going to do it? Will it be conservationists?

Kyle Davis:

It would be the DOW. They are currently monitoring, but not as much as we need.

Chair Carlton:

Would Mr. Mayer come to the witness table after this question?

Assemblyman Aizley:

I am concerned about the per-person cost. Is there an age limit? What if it is a scout leader taking a group into the area?

Kyle Davis:

I would like to defer the answer to the DOW.

Ken Mayer, Acting Director, Department of Wildlife:

I am not sure which question to start answering, and I did not hear the last one from Mr. Aizley.

Chair Carlton:

Mr. Aizley inquired whether or not a scout leader with a group of children must pay the permit fee for each person. Will there be an age limit, or a group price?

Ken Mayer:

That is not covered in this bill. This is a one-time annual fee that would cover as many times as you want to go into a WMA. It does provide an exemption for children or groups. The *Nevada Revised Statutes* provides the overall authority, and regulations would have to be promulgated to delineate how the program would be managed and enforced. We would put together the regulatory framework for the program. We would need to provide a licensing aspect. With sportsmen, the conservation fee is rolled into the license cost. We could have it available on the Internet to make it easily accessible. Another idea was to make it a collector's stamp.

From the DOW's perspective, we are neutral on the fee increase from \$3 to \$5 for residents and \$3 to \$10 for nonresidents. We are also neutral on the new fee for nonconsumptive users of the areas. You could interpret the fee as a new one, but it is an established fee. We are simply adding a new group of people to pay the fee to access WMAs.

There may be some confusion on the collection of the nonconsumptive user fees and the running of the WMAs. Those dollars go into the habitat conservation pool of money to be used anywhere in the state for habitat improvements. If the language is modified to include surveying and monitoring work, we could do some sage grouse survey work, and then determine where the habitat maintenance is necessary. The funds generated will make it possible to do the on-the-ground habitat work. When we finish a project, we need to know if the work was effective. For example, you plant seeds and nothing happens. Through monitoring, you discover the soil temperature was too cold, so a different method would have to be used to ensure germination. We get help from the university system for those types of programs.

Chair Carlton:

Did you have another question, Mr. Livermore?

Assemblyman Livermore:

Do seniors get a discount? I just purchased my senior license, and I paid the conservation fee, which was included. How do you police who has it? How do you know where the wilderness areas are?

Ken Mayer:

We have 11 WMAs. One is a settling pond, which should probably be excluded, so the total is actually ten. Some of them you are probably familiar with, such as Wayne E. Kirch, Steptoe Valley, Scripps, and Mason Valley WMA. The areas have nothing to do with US Forest Service land or national parks. These areas are used by the general public for recreational purposes and for wildlife watching. I compliment the Sierra Club and other conservationist groups for their willingness to step-up to the plate and contribute. This bill, as I read it, would not affect anything beyond the WMA.

Assemblywoman Bustamante Adams:

Are any of the WMAs in southern Nevada?

Ken Mayer:

Yes, there is the Overton Wildlife Management Area.

Assemblywoman Bustamante Adams:

How many of these areas are in the southern part of the state; how many are in the north? The census shows the largest population growth is in the south. I am trying to get an idea of how many new people will come to these areas.

Ken Mayer:

We have WMAs in Lyon, Elko, Pershing, Churchill, Lincoln, Clark, Washoe, White Pine, and Nye Counties. A fiscal note was submitted to the Legislative Counsel Bureau, but maybe it has not gotten all the way through the system yet. The areas are listed in it.

Assemblyman Hansen:

Hunting licenses typically expire about February 28. Most hunters do not buy a new hunting license until October. In that date window, will they be required to purchase a conservation stamp or whatever because their licenses have expired?

Ken Mayer:

We work on a license period. If you have a hunting, fishing, or trapping license, you would not need to purchase anything different to access the WMAs. This habitat stamp or whatever you want to call it would probably coincide with the current licensing process we have. If you buy your license March 1, and the next year you do not purchase it until April 17, there is a lapsed period of time where you would be unable to access the wildlife area without paying a conservation fee.

Assemblyman Hansen:

If I am out scouting in bird areas after my license has expired, could I get a ticket if I do not have one of these?

Ken Mayer:

I do not foresee the Department running around and writing tickets for a \$5 conservation fee. It would be more of an encouragement to remind people they need to have it. We are talking in "what ifs," but if you are not going to hunt until waterfowl season which starts in October, and you want to scout areas in September, you would need to pay the conservation fee. We would probably need to offer you the opportunity to be able to purchase that. We could notch your license, so you would not have to pay the fee a second time when you buy your license. We would have to work through all the different permutations.

Assemblyman Ellison:

There was a purchase of a ranch in Halleck in Elko County. Is that one of the WMA?

Ken Mayer:

The ones in Elko County are called Franklin Lake and the Bruneau River WMA.

Assemblyman Ellison:

I thought it was the one over by Halleck. They said if they purchased that, it would not close. In other words, there would be no restriction like we are talking about to get into it. This is a totally different area, I guess?

Elmer Bull, Chief, Habitat Division, Department of Wildlife:

I believe you are referring to the Franklin Lake Wildlife Management Area. It is east of Elko.

Assemblyman Ellison:

It is at the Halleck turnoff. My family owns the next ranch over, which is in Halleck. There was a conservation easement.

Elmer Bull:

I am not sure if we are talking about the same piece of property. The Franklin Lake Wildlife Management Area would be included in this group that would require a conservation fee.

Assemblyman Ellison:

When they purchased this, they were told they would be able to leave it open and there would be no change and no input back onto the public. Now you are saying there would be, with this new fee?

Elmer Bull:

I am not sure the parcel of land you are referring to is the Franklin Lake Wildlife Management Area.

Assemblyman Ellison:

I will check it with the Elko County Board of Commissioners today.

Chair Carlton:

We need to get the issue addressed. If a promise was made, we need to build language into this bill to comply with those property covenants. Are there any other questions?

Assemblyman Aizley:

I will repeat a comment I made previously. It sounds like there are more and more reasons to have the Department's licenses good for one year from the date of purchase.

Ken Mayer:

We will take that under advisement.

Assemblyman Livermore:

There is a wildlife viewing area in Ruby Valley just south of Harrison Pass in Elko County. But that is not in a wilderness area. Why would you bill them?

Elmer Bull:

Is it north of Harrison Pass?

Assemblyman Livermore:

I think it is north. The DOW acquired the land and built a wildlife viewing area there that is accessible to the public. Did you plan on charging a permit fee to go there?

Elmer Bull:

I am assuming we are talking about the Franklin Lake Wildlife Management Area. If that is the property you are describing, then yes, it would require a fee.

Assemblyman Livermore:

It is 60 to 70 miles south of Elko, and I am not sure if it is a wilderness area.

Elmer Bull:

This would just be a Wildlife Management Area.

Chair Carlton:

If you could provide a map of the state showing the WMAs, our rural colleagues will be able to identify the areas being discussed.

Ken Mayer:

We certainly will provide that. There are a lot of other places that provide wildlife viewing which belong to other state and federal agencies.

Chair Carlton:

That would help answer some of these questions. Is there anyone else who would like to speak in support of the bill?

Larry Johnson, President, Coalition for Nevada's Wildlife, Inc.:

I applaud the environmental community for joining sportsmen to raise dollars for wildlife management. We are proud of the sportsmen's role, which provides about 98 percent of the funding. We look forward to providing this Committee with input during the work session and to comment on other aspects of the bill, such as allowing conservation fee funds to be used for surveys and postproject monitoring. We are in support of this bill.

Last year, we had 100 sportsman volunteers build over 5,000 lineal feet of heavy pipe rail fencing to keep wild horses out of riparian areas in order to conserve sage grouse habitat. Also, we did similar construction on several projects within the Sheldon National Wildlife Refuge. On the Sheldon projects, a DOW biologist did all the preproject surveys and postproject monitoring; the administration and so forth were in the diversity bureau. We believe it is a proper use of these funds.

I was heavily involved in the original passage of this bill during the 72nd Session. The extreme fire season in 2001, which burned 1.5 million acres of Nevada, was the impetus for that bill. There was a critical need to capture dollars for restoration and habitat improvements on the burned land.

The expenditures of these fire funds were handled extremely well. In addition, our organization formed a separate fire restoration fund. One of our groups, Nevada Bighorns Unlimited, placed \$85,000 into the fund for several years. Companies, like Barrick Gold Corporation, have matched those funds. The accumulated funds were used for the same purpose, but our dollars are woefully short compared to the need. Any additional funds which can be raised, we applaud.

Chair Carlton:

Are there any questions? [There were none.] Is there anyone else in support?

Chris MacKenzie, Private Citizen, Carson City, Nevada:

I wanted to clarify some of the previous questions. The WMA are relatively small areas when compared to the overall surface area of the state. They are actively managed by the DOW. Mr. Ellison, you mentioned conservation easements, but it sounds like it was a deal with a private landowner and not part of a Wildlife Management Area. It would not fall under this bill. Wilderness areas were mentioned, and those are also separate.

Chair Carlton:

We will still make sure to get a map of the WMAs to the Committee. Is there anyone opposed to this bill? [There was no one.] Is there any public comment on the bill? [There was none.] I am closing the hearing on A.B. 503. I am turning the Chair over to Assemblyman Hogan as I will be presenting the next bill.

Vice Chair Hogan:

I am opening the hearing on Assembly Bill 453.

Assembly Bill 453: Requires a supplier of motor vehicle fuel to provide certain warnings relating to the presence or possible presence of manganese in any motor vehicle fuel sold or distributed by the supplier. (BDR 51-689)

Assemblywoman Maggie Carlton, Clark County Assembly District No. 14:

I will present a quick overview of the bill. The two gentlemen with me will cover the more technical aspects of the bill. This is a consumer protection, notification, and disclosure bill. The bill is about labeling. It is not a debate on methylcyclopentadienyl manganese tricarbonyl (MMT) or any of the details covered during that debate. That issue has been decided, and the regulation is at the Office of the Governor. When the *Executive Order*, which changes regulations, expires in the future, the regulation will be enacted. This legislation addresses that regulation to ensure consumers will have disclosure of and knowledge about the ingredients in the fuel they are putting in their gas tanks.

On the Nevada Electronic Legislative Information System (NELIS), there are a series of exhibits. If you read through them, you will notice they are discussing more of the debate details about MMT; and they are not addressing product labeling. It is not a simple bill. It deals with the supplier, and how we can ensure that any MMT additive in gasoline is disclosed to the public.

John M. Cabaniss Jr., Director, Environment and Energy, Association of Global Automakers:

The Association of Global Automakers, formerly known as the Association of International Automobile Manufacturers, represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Our members' market share of both U.S. sales and production is 40 percent and growing. [Mr. Cabaniss continued to read from prepared testimony ([Exhibit G](#)). Some supplemental dialogue and information have been included where appropriate.]

My colleague, Mr. Alonso, represents the Alliance of Automobile Manufacturers. Together, the associations represent all the major automobile manufacturers selling vehicles in the U.S. [Mr. Cabaniss continued to read from testimony.] A number of manufacturers, such as Toyota, Honda, Mitsubishi, Ford, General Motors, Chrysler, and others, do not recommend the use of gasoline that has metallic additives in it. Manganese is one of those metallic additives. When gasoline additives are burned, they produce a build-up of ash or particles on spark plugs and other components that can damage the vehicle's engine, and the deposits can cause emission control problems.

Section 1 requires a supplier of motor vehicle fuel to include a disclosure on all transfer documents stating there is a presence or possible presence of manganese in the motor fuel. Also, section 1 says fuel offered for sale, which contains the MMT additive, must have a warning label on the pump to advise the public of the presence of manganese in the fuel. Then, consumers can compare the warning label information to their owners' manuals to determine whether or not they should use the fuel in their automobile.

Section 2 lists applicable words and their definitions. Section 3 requires the State Sealer of Weights and Measures to adopt regulations to ensure compliance and to specify the format and wording to be used on the warning label. The label must also contain a warning saying use of fuel with a MMT additive may void the manufacturer's warranty. Section 4 requires the district attorney to prosecute any violations of section 1, and section 5 makes a violation a misdemeanor.

My Association supports the bill's provisions requiring documentation of the presence of manganese additives related to the transfer, distribution, and sale of gasoline from the producer down to the retail sales outlet. We also support the warning label on pumps, so consumers have the information they need to protect the investment they make in their vehicles. [Mr. Cabaniss continued to read from prepared testimony.] I would be happy to answer any questions.

Vice Chair Hogan:

Are there any questions?

Assemblyman Livermore:

Can you give some examples of a vehicle's parts that could be seriously damaged if this fuel is used?

John Cabaniss:

The parts which might be damaged with a metallic fuel additive would include any of the combustion components, such as spark plugs, valve coatings, cylinder heads, cylinders, piston heads, and catalytic converters. Catalytic converters have a honeycomb filter arrangement, which exhaust gases pass through. The passages are so small that particles tend to build up over the life of the vehicle, and the passages can become clogged. The amount of damage depends on the way vehicles are used; it depends on whether or not the additive fuel is continuously used; it depends on the vehicle's design; and it depends on the way people drive. However, damage can happen quickly. It does not always take an extended period of time.

Catalytic converters can be damaged at 30,000 to 40,000 miles if gasoline with metallic additives is being used. Spark plugs can be fouled in less time. Today's vehicles have onboard diagnostic systems, and a "check engine" light will appear on the dashboard. If any of the engine components, catalytic converters, or other mission-controlled sensitive parts fail in use, the "check engine" light will be triggered. It lets the driver know his vehicle needs service.

Assemblyman Livermore:

Are there any gasoline distributors in Nevada using the MMT additive?

Assemblywoman Carlton:

The issue debated around MMT was resolved by the Legislative Commission's Subcommittee to Review Regulations. The resulting approved regulation was forwarded to the Office of the Governor. However, with the current *Executive Order* prohibiting the promulgating of regulations on anything other than health and safety issues, the regulation is on hold.

Assemblyman Livermore:

I understand. Is the MMT additive currently in use in Nevada?

Assemblywoman Carlton:

It is not. You have to go through the regulatory process before you can implement the regulation and put it into effect.

Assemblyman Ellison:

I understand there are states using this MMT additive gasoline without labeling or restriction. Is that correct? Are the states of Idaho, Utah, and some of the other western states using this chemical in gasoline?

John Cabaniss:

The use of manganese in gasoline is allowed by federal regulation. However, none of the major oil companies use metallic additives because of the hazards and liabilities involved. It does have spot usage, but it is usually in small refineries. The debate in Nevada, on whether or not to allow manganese to be used here, was instituted by a number of small refineries that have an interest in using the MMT additive. They want to have the option available. In the Rocky Mountain region of the country, there are a number of independent and small refineries that control a significant segment of the fuel distribution market in the west. Many of them are not as concerned as the major refineries are about the liabilities and problems associated with vehicles using fuel additives.

National surveys, sponsored by the Alliance of Automobile Manufacturers, have found there is virtually no use of manganese in any of the major population centers in the country. We are seeking this protection for consumers partly because of the apparent interest producers in this region have in using manganese. We have not seen that level of interest in any other part of the country. We may need to look at using similar regulations in Utah and Idaho where some of these small refineries are based. The same consumer protections may need to be required in those states.

Assemblyman Aizley:

Do you have any data on car damage costs associated with the use of MMT?

John Cabaniss:

Most of that information was provided to the State Board of Agriculture during the hearings they held on this matter. There are voluminous documents about the kinds of problems occurring with spark plugs and catalytic converters, in particular. I can provide additional information, but it is already available in your public records. It may be easier for you to access those records through the State Department of Agriculture. Manganese has not been used to a great

extent in the United States, and certainly not in Nevada. There was an occurrence a few years ago of manganese being used in fuel in the Four Corners area of the West. We found one or two small local refineries that were using manganese, and there were some related vehicle problems. The damage usually occurs with prolonged use of the MMT fuel. For a number of years throughout Canada, MMT was used in gasoline and a number of problems were reported.

Vice Chair Hogan:

Are there any representatives of the State Department of Agriculture here? [A man in the audience, later identified as William Striejewski, said "Yes."] Can you provide the information Mr. Cabaniss referred to? [The man answered "Certainly."]

Assemblyman Hansen:

As I recall, the State Board of Agriculture did an extensive survey and approved the use of MMT in fuels. Is that correct?

Assemblywoman Carlton:

Yes, it is. The regulation is with the Legislative Commission's Subcommittee to Review Regulations, which is why I prefaced my comments by saying this bill is not a debate about MMT. The regulation did pass, and consumers should have the MMT information available to them when they pull up to a gasoline pump. This bill is about consumer information; it is not about MMT. The documents are available online and in reports made by the State Department of Agriculture. You can also pull the minutes of the Legislative Commission's Subcommittee to Review Regulations hearings.

Vice Chair Hogan:

Mrs. Carlton, do you have another witness?

Assemblywoman Carlton:

Yes, I would like to have Alfredo Alonso testify next.

Alfredo Alonso, representing the Alliance of Automobile Manufacturers:

Now that this regulation approving MMT is going forward, we need to find a method to keep our consumers informed. The Alliance represents all American vehicle manufacturers, BMW, Toyota, and others, so we have to find a way to accommodate our dealers and our customers—the end-users. The additive MMT was banned in Nevada for many years. The ban was lifted with the approval of the MMT regulation. There are health issues involved with this, as well as issues related to automobile manufacturers. But more importantly, this is about informing customers of what is in their gasoline. Currently, we do let consumers know what is in their gasoline. The labeling on

the pump shows the fuel contains benzene. In winter months to control emissions, there is often a 10 percent ethanol addition to the fuel. There is an ethanol mandate in Washoe and Clark Counties.

That said, this does not affect those two counties. It is in the remainder of the counties where the customer has no idea what is in his gasoline. Every member of the Alliance has stated in their manuals that this MMT additive should not be used with their vehicles, and using it could void the warranty. Providing the MMT label on the pumps will allow the customer to make an informed decision on whether or not to use it. The MMT additive is currently sold in stores as an octane booster. If the customer chooses to buy it, then the information is available to him to make an informed decision. It is an important issue for consumers, and I thank Assemblywoman Carlton for proposing this legislation. I would be happy to answer any questions.

Vice Chair Hogan:

Are there any questions?

Assemblyman Hansen:

If this additive has been used by small refiners in other states, have there been any class action lawsuits for damage caused to vehicles using the additive fuel? If it is as bad as everyone says it is, then someone must have sued the producers or distributors of this gasoline.

Alfredo Alonso:

I do not know the answer to your question, but I will get it for you. What I can tell you is, when we removed lead from gasoline years ago, an octane booster was required. The MMT additive was one of those octane boosters. It was not long before the Environmental Protection Agency (EPA) banned it. There were legal issues surrounding the ban, and a waiver was granted. Since then, it has been used sparingly. You can find it being used in the western states. Canada has moved away from using MMT and is using ethanol instead. Europe has just had a significant legal case to ban the use of MMT. It is a very controversial issue, and the debate is going to continue. This bill will say to consumers that, if they just paid \$30,000 for a car, they will know what is in the fuel they are putting in it, so no harm is done to the vehicle. I have submitted a commentary on fuels and additives ([Exhibit H](#)) to the Committee for more information.

Assemblyman Hansen:

If I had a \$30,000 automobile and I can trace the vehicle damage to MMT, I would be suing somebody.

Alfredo Alonso:

I will get that information for you. It is our local dealers that have to deal with the problem. It is difficult for them to say the problem is your gasoline without providing consumer warning labels in advance.

Assemblyman Hansen:

In that case, the dealers would be suing them, so there has to have been a lawsuit about MMT at some point.

Assemblyman Goedhart:

If some small refineries want to add MMT to the fuel, how does it benefit them? What is the advantage? Why would they want to gamble with damaging car engines?

Alfredo Alonso:

It is a cheaper method for them to raise the octane rating. That is it. That does not necessarily mean the fuel is cheaper at the pump, but it is cheaper for them to produce.

Assemblyman Goedhart:

It is an easier way for them to increase the octane rating of the fuel. Is that correct?

Alfredo Alonso:

Exactly.

Assemblywoman Bustamante Adams:

In section 1, line 4, who pays the cost to ensure all the documents have the disclosure in them?

Alfredo Alonso:

It would be the supplier, such as Chevron or Shell. The Afton Chemical Corporation makes MMT. It is a Texas company that makes this. If a Utah refiner wants to buy that product, it would have to pay it if they are shipping it over.

Assemblywoman Bustamante Adams:

Does that same entity pay for the labeling on the retailer's pump?

Alfredo Alonso:

That would be the responsibility of the person who is actually selling the fuel.

Assemblywoman Bustamante Adams:

Do you mean the gas station owner?

Alfredo Alonso:

Correct. The gas stations, which would sell MMT fuel, are usually independent operators because they can purchase whatever gas they want. Name brand gas stations sell the brand gas only. The labels are a minimal cost.

Assemblywoman Bustamante Adams:

In section 1, line 9, what would the warning labels say? That the gas is hazardous to your health?

Assemblywoman Carlton:

On page 5, lines 22 through 29, the warning label requirements are spelled out. The label would be similar to labels currently on gas pumps informing consumers of winter and summer fuel mixes, ethanol, or benzene. This bill does allow for the regulations to promulgate these labels and to specify placement on the pump or on the pump handle.

Vice Chair Hogan:

Are there other questions? [There were none.]

Assemblywoman Carlton:

We have some other witnesses who would like to speak in support of the bill.

John P. Sande III, representing the Nevada Franchised Auto Dealers Association:

We are in support of this bill for two reasons. In our opinion, the MMT additive does cause problems with vehicles. If a person has trouble with his car, he does not go to the service station and tell them he got "bad" gasoline. Instead, he would take the car back to the dealer and tell him to fix the problem. The automobile dealers spend a lot of money working on car problems, which are caused by poor quality fuel. Also, some of our automobile dealers are worried because there are some health concerns associated with the MMT additive. The EPA has said exposure to MMT can cause health problems. We are concerned about our technicians who are always working around engines. They could inhale some of the manganese-laden air. We believe the warning label disclosures are appropriate.

Vice Chair Hogan:

Are there any questions?

Assemblyman Ellison:

How are you going to address the selling of used vehicles? Are you going to tell prospective customers that MMT additive fuel may have been used in the car?

John Sande:

When dealers take in used cars, they generally do not resell really old vehicles. Those cars usually go to an auction house. Dealers do inspect the used vehicles they intend to resell and check for any problems. If there are some problems discovered, that information is disclosed to the customer. Then, it is up to the customer to decide if he wants to purchase the car.

Assemblyman Ellison:

Basically, you are saying, "Buyer beware." I just bought a used vehicle, and no inspection was conducted prior to its sale.

John Sande:

Most of the dealers I have spoken to will check the car over when it comes on the lot. If there are any problems discovered, such as a fouled catalytic converter, the dealer will attempt to repair it and disclose that information to the customer.

Assemblyman Hansen:

I just looked at the EPA reference you mentioned. It says, "Because the expected exposure is not much higher or much lower than the RfC [reference concentration], a definitive conclusion about risk is impossible to reach. Long-term animal testing and exposure research are needed to more accurately define the risk." Has anything been done since then to define the risk?

John Sande:

I am not aware of the work that has been done by the EPA. However, I am cognizant of the possible problems that the various automobile associations have identified as risks to the consumer if they use this fuel. If there are problems with the engine from using this fuel, the customer's warranty may be invalidated.

Assemblyman Hansen:

In [Exhibit H](#), it says, "In its decision on the use of MMT in the U.S., the Agency determined that MMT, added at 1/32 gpg Mn [grams per gallon manganese] will not cause or contribute to regulated emissions failures of vehicles."

John Sande:

I will let Mr. Alonso, who distributed the information, answer your question.

Vice Chair Hogan:

I need to remind the Committee that we are talking about labeling. The bill is not about the chemical or medical concerns relating to the fuel's ingredients.

Alfredo Alonso:

That is the point. This has been a very controversial subject for many years. Volumes of information are available indicating that the MMT additive is not only dangerous to cars, but also it is dangerous to humans. Likewise, volumes of information are available indicating the opposite impact. That is the problem. As automobile manufacturers, we have studies and physical proof to show the damage that the MMT additive in fuel can cause to automobiles. Putting the product on the market without labeling is not appropriate. Consumers need to be aware how the product could potentially cause damage to their cars. Cars are a large monetary investment.

Assemblyman Hansen:

The reason we are talking about labeling it is the MMT additive is supposedly bad. I am trying to determine why we need to do the labeling.

Alfredo Alonso:

Mr. Cabaniss and I represent, with a few exceptions, every automobile manufacturer in the world. Every single one of them agrees having the MMT additive in fuel damages their products.

Assemblyman Livermore:

If the MMT additive is a danger to your employees, do you have liability coverage for them? You take every car which comes through your doors. Do you just not service those cars? How do you prove what type of gasoline was used in those cars? Is the problem between large and small refineries? What is the issue?

Alfredo Alonso:

It has nothing to do with the refiners as far as we are concerned. Mr. Sande is saying there are many different schools of thought and published studies which indicate that breathing manganese vapors is a hazard. We are talking about the rural counties. This is not an issue in Washoe or Clark Counties. Those counties have an ethanol mandate, so the MMT additive in gasoline is a nonissue for them. We are potentially bringing a dangerous product additive into the rural counties without notifying anyone about it.

Assemblyman Kite:

We need to get back to the essence of the bill, which is labeling. Who will provide the label? If the current bill is passed and MMT is not allowed, this bill

could be addressing a moot point. What is the cost of the label, and who will pay for it? Who will put the label on the pump?

Assemblywoman Carlton:

I would assume that the same labeling process, which is currently in place, would also apply to this label. It would be handled the same way as the stickers are in Washoe and Clark Counties. The regulatory agency would promulgate the regulations to provide the consumer with labeling information on the service stations' pumps.

Assemblyman Goedhart:

Most of the fuel that comes into Clark County comes off one pipeline. Is the MMT additive added after the fuel comes off the rack?

Assemblywoman Carlton:

I do not know.

Vice Chair Hogan:

There is a witness who may have the answer.

Jeff Jetter, Principal Chemist, Fuels and Emissions Group, Honda R&D Americas, Inc.:

Ethanol is added at the terminal. A special base fuel is required in order to blend it. The MMT additive, which determines octane rating, is added at the refinery. It is handled differently than ethanol. The MMT additive would be in the fuel that goes through the pipeline.

Assemblyman Goedhart:

If I am buying fuel from the pipeline rack in Clark County, I do not have to worry about the presence of MMT. Is that correct?

Jeff Jetter:

Correct. There is a new pipeline being built to bring fuel from Utah, and it will be a different story.

Vice Chair Hogan:

Are there any other questions?

Assemblyman Anderson:

How many labels are we talking about? If only small refineries are using the MMT additive, would it be safe to say there would be a small number of labels?

Assemblywoman Carlton:

We will need to call the regulatory board to answer some of those questions. If they are not available, we can have staff make the inquiries and get the answers.

Vice Chair Hogan:

We have two more witnesses at the table.

Kyle Davis, representing the Nevada Conservation League:

We are in support of A.B. 453. I was part of the interim discussion before the Legislative Commission's Subcommittee to Review Regulations. In my research on the issue, I became increasingly concerned about the MMT additive impact on catalytic converters, which, in turn, contributed negatively to air pollution. There are studies on both sides of the issue, but I am convinced there is a problem. This bill makes sense and gives consumers information at the pump that they need to know before purchasing gasoline with MMT additives. I think providing the labeling information is a good solution to the problem.

Jeff Jetter:

For background, Honda has over 70 dealerships in Nevada with more than 850 associates. We applaud you for introducing A.B. 453 and believe it is necessary to protect consumers and air quality in Nevada. Virtually all manufacturers have determined that manganese additives can damage engines and emission control components. [Mr. Jetter continued to read from prepared testimony ([Exhibit I](#)).]

Vice Chair Hogan:

Are there any questions?

Assemblyman Hansen:

We have a letter from Alan Perazzo and submitted by George Ross ([Exhibit J](#)) in our documents. Mr. Perazzo is the Chairman of the State Board of Agriculture. He says:

We also heard testimony with respect to automobile owners' manuals. The reality and the law is however, that consumers can purchase commercially available gasoline of their choice and automakers must honor warranties during applicable warranty periods. U.S. federal law requires automobile companies to manufacture vehicles that will comply with federal performance standards using all legally permissible fuels, including those with mmt.

Are you with Honda?

Jeff Jetter:

Yes, I am with Honda.

Assemblyman Hansen:

Do you manufacture cars that do not follow the U.S. regulations? If you do, then MMT must not harm your engines.

Jeff Jetter:

We reserve the right to tell our customers what fuel should and should not be used in our product. If they want to use a fuel with a neurotoxin in it, that is their choice, but we prefer they do not use it.

Assemblyman Hansen:

I want to get on the record that U.S. federal law already allows the use of MMT and that all manufacturers currently comply with the law and warranties are not voided. Is that accurate?

Jeff Jetter:

We reserve the right to tell customers what they should and should not put in their gas tanks.

Vice Chair Hogan:

Are there any other questions? [There were none.] Is there anyone else who would like to testify in favor of the bill? [There was no one.] Is there anyone who would like to speak in opposition?

George Ross, representing Afton Chemical Corporation:

Afton Chemical Corporation is the manufacturer of MMT. The company is located in Richmond, Virginia. Because of short notice, their executives were unable to attend today's hearing, so I will be their representative.

With all due respect to the bill's sponsor, I beg to differ with its purpose. The bill talks about labeling, but, in reality, it is an attempt to inhibit the use of MMT as a gasoline additive by requiring labels. The labeling is required in no other state. Automobile manufacturers will support this bill because of economics since they are legally required to honor every warranty that an automobile has. It will reduce their MMT compatibility testing costs on new equipment. Similarly, the major beneficiary of any attempt to inhibit the use of MMT would be the major oil companies. The major people hurt by labeling, if it was in fact inhibitory, would be this state's consumers.

I have some background on MMT to present. It has been legal in the U.S. and approved by the EPA, after exhaustive tests, since 1995. We currently have one of the most environmentally conscious administrations in our nation's history. No mention has been made by this administration to question the legality of MMT, and no federal movement has been made to question the need for labeling. It has been alleged that this product is seldom used, but in the last three years, it has been consistently sold in 11 states. Those states are: Florida, Virginia, Pennsylvania, Ohio, Indiana, Texas, New Mexico, Utah, Wyoming, Idaho, and Washington. I have submitted a map showing MMT usage by state ([Exhibit K](#)). There has not been one lawsuit or class action lawsuit ever brought forward. There has never been a documented case of a catalytic converter failing as a result of MMT use. In Canada, MMT was extensively used for a couple of decades. In the U.S. and Canada, automakers are required to report emission system defects, and they are analyzed. Those systems include catalytic converters, oxygen sensors, and others. Environment Canada, which is its equivalent of the EPA, studied defects for several years up to 2004. In 2005, Environment Canada conclusively determined that no defect was found to be potentially caused by MMT.

The EPA is charged with ensuring that our air is as clean and healthy as possible. If there was anything in gasoline that inhibited the ability of a car's engine to control emissions, the EPA would not allow that product to be on the market. If there was any possibility that automobile mechanics would be under more exposure to toxic fumes than they already are, the EPA would not allow this additive to be used. You have already heard that the EPA could not find any reason to disallow the use of MMT. Forty-nine states, including our own, allow MMT in conventional gasoline, and they do not require labeling.

The State Board of Agriculture approved MMT for use on March 3, 2010. It was approved by the Legislative Commission's Subcommittee to Review Regulations on June 30, 2010. It is currently approved for use in a long list of foreign countries including: Australia, Argentina, Canada, China, the European Union, United Kingdom, and South Africa. I mentioned these countries, in particular, because they are not developing countries. For the most part, they are highly sophisticated and environmentally-conscious societies.

The federal law does require automobile companies to manufacture vehicles that will comply with federal performance standards using all legally permissible fuels, including those containing manganese. These automakers cannot deny the right of vehicle owners to operate their vehicles using any legally available fuel. Automakers must warrant to their customers that the vehicles they produce are designed, built, and equipped to conform to all applicable federal

performance requirements. Further, they must warranty that their vehicles are free from defects that would cause the vehicle to fail to meet federal requirements for the vehicle's useful life. Per federal regulation, vehicles must be able to operate on any fuel including conventional gasoline that can be sold under federal or state law. Why would a label be needed in this situation, other than to inhibit the use of the product?

There is nothing wrong with making money. That is why capitalism exists. You have to wonder why the State of Nevada was chosen to require labeling when it is legal to sell fuel with MMT without labeling all across the country. I believe the automakers felt, with two powerful lobbyists working for them, they would have a chance to pass this bill here.

The MMT additive has been consistently used in 11 states over the last three years. Why are they using it? When reformulated gasoline was required, the major oil refiners were able to invest enormous amounts of capital in the equipment necessary to process it. They simultaneously designed the equipment to get the additional octane needed by cracking molecules in a way that does not require them to use additives. Nearly all the gasoline in Nevada comes from California to a terminal in Sparks, or through a pipeline to a terminal in Las Vegas. Almost all that gasoline was made in California. When California went to extremely tight environmental standards on gasoline, the small refiners operating there could not afford to make the necessary equipment investments.

The major oil refiners do not need to use MMT in their products. However, the same is not true for the smaller refineries in Utah and Idaho because they cannot afford to make the heavy capital equipment investments, and the stringent standards were not required in their states. It is expensive to raise the octane numbers. By injecting some MMT into the gasoline, the small refineries can easily raise an 85 octane rating to 87. It costs 3 cents to 5 cents less per gallon to process the gasoline with MMT than it costs to make it with the same octane rating in California.

Instead of blending 87 octane and 91 octane to get mid-grade gasoline—premium is a larger split—you add a small amount of MMT to 87 octane gasoline and it will become 89. Again, it is several cents cheaper to produce. Economic theory tells you there will be a market share war. This lower wholesale price gives the small refiners, distributors, marketers, chain retailers, and small retailers a better chance to compete against the major oil companies in the consumer market.

I included a report entitled: *Expected Impact of Lower Production Costs on Gasoline Prices: Nevada and MMT* ([Exhibit L](#)). The author, Alan Schlottmann,

looked at the situation by analyzing the market, assessing industry studies, and applying conventional economic theory. He concluded that there would be an almost immediate 3- to 5-cent change in gasoline prices if MMT were used in enough of the market. The major brands would have the choice of lowering prices to meet this price or losing market share. Through this process, Nevada consumers would benefit, and the major oil companies would be disadvantaged.

I submitted a letter to you from Timothy Hay ([Exhibit M](#)). Mr. Hay spent his legal career working on behalf of the Nevada consumer. He says, ". . . I have found such restrictive regulations tend to disadvantage consumers and prevent them from receiving the benefits of a competitive marketplace." He further states, "As we have seen many times in the past, fuel supply constraints in Nevada exacerbate price spikes and supply shortages so that the Nevada gasoline market is often one of the most expensive of the 48 continental United States, disadvantaging both our residents and visitors. Any prohibition on supplies, which is not supported by convincing scientific analysis, may result in market distortions if adopted by Nevada regulators while markets in the surrounding states are free of such constraints." His comments make sense from a microeconomics and a consumer economic point of view.

Mr. Hansen quoted from the current Chairman of the State Board of Agriculture who did an exhaustive analysis of this situation. Further, two years ago, Mr. Sande had a bill passed here which required the State Board of Agriculture to make all its decisions based on sound scientific data. That is exactly what they did.

In summary, the bill is about labeling, but it is also about more than labeling. It is an attempt by automakers, which have not succeeded anywhere else in the country, to impose MMT labeling. No catalytic converter problems, which can be directly contributed to the use of MMT, have ever been proven. The goal is to shift the cost of testing to the consumer. It also greatly benefits major oil companies because it might inhibit the ability of independent marketers to offer lower fuel prices. The major oil companies recognize surrounding small refineries could be selling the MMT-additive fuel to Nevada. The small refiners would be more competitive in the market because they would be raising octane ratings through the less expensive process of using the MMT additive. The UNEV Pipeline (Holly Pipeline) is nearly finished from Salt Lake City to Las Vegas. There are currently at least four marketers testing MMT in Nevada. The additive MMT in fuel is legal for use in Washoe and Clark Counties. The counties no longer have the reformulated gasoline restrictions. I included three other letters which document support for the use of MMT in fuel ([Exhibit N](#)), ([Exhibit O](#)), and ([Exhibit P](#)).

Vice Chair Hogan:

Are there any questions?

Assemblyman Bobzien:

I understand you are passionate about this issue, which has been unnecessarily clouded at this point by some of the comments that were made. I take particular issue about your comment on a bill, which I worked on in the 74th Session, dealing with the State Board of Agriculture making its decisions based on sound science. I take offense to the idea that the bill was pushed through. I actually gave Mr. Sande some stiff opposition on the bill when it was brought forward. The bill passed, and it is good policy for the state. I feel no need to apologize for my work on that bill.

George Ross:

I, in no way, meant to impugn anyone's motives. My client also believes it is excellent legislation.

Assemblyman Bobzien:

Thank you.

Vice Chair Hogan:

Are there any other questions?

Assemblyman Ellison:

Did you say Canada is still using MMT?

George Ross:

I do not know if they are today because they switched to ethanol. Ethanol was a more economical way for them to get higher octane ratings and more oxygen into gasoline, which helps reduce carbon monoxide emissions.

Assemblyman Ellison:

It is not outlawed in Canada. Is that correct?

George Ross:

Correct. It is not outlawed in Canada. The switch to ethanol was based on the lower costs associated with its use. The additive MMT is still an option. Sometimes it is used; sometimes, not.

Assemblyman Hansen:

If MMT is not the issue here, how is it harmful to add a label to the gas pump?

George Ross:

It is a bother to put it on. Also, people may not use the fuel because they are scared of health risks or other implied complications.

Assemblyman Hansen:

Okay.

Assemblyman Livermore:

Do you have any evidence of any mechanic, or any person who works on vehicles having been harmed by working with MMT?

George Ross:

I do not and my client has not made me aware of any.

Assemblyman Kite:

You mentioned the new pipeline going into Clark County. What oil company is putting it in?

George Ross:

Holly Corporation.

Assemblyman Kite:

Is Holly an oil company?

George Ross:

It is a refining company in Utah, and it just merged with Frontier Oil Corporation.

Assemblyman Kite:

Are they building the pipeline by themselves?

George Ross:

Yes, I believe they are.

Assemblyman Kite:

Will they be pumping their own gas through the pipeline? No one else's?

George Ross:

I cannot say for sure, but typically the pipeline owners make space available to other gasoline companies.

Vice Chair Hogan:

Is there anyone else wishing to testify in favor? [There was no one.] Is there anyone who would like to speak from a neutral position?

William S. Striejewski, Senior Petroleum Chemist, Bureau of Petroleum Technology, Division of Measurement Standards, State Department of Agriculture:

The department is taking a neutral stand on this issue, and I am only testifying to ensure that the Committee is aware of the fiscal note that the Department of Agriculture submitted on this bill.

The presence of manganese in fuel is not required by the EPA or any other federal body to be included on the transfer papers associated with a fuel delivery.

This bill calls for the State Sealer of Weights and Measures to ensure compliance with the bill. We take this to mean that the veracity of labeling (or for that matter, nonlabeling) must be checked by testing. [Mr. Striejewski continued to read from prepared testimony ([Exhibit Q](#)). Later in his testimony he said, "I will be speaking in a very similar way on S.B. 158 [*sic*]." [Mr. Striejewski was referring to Senate Bill 146, for which this Committee has no jurisdiction. Some supplemental dialogue has been included where appropriate.]

I would like to add a couple of comments. On the question of providing materials to the Committee, I am your best point man for that. The Department Director's secretary is the actual keeper of board meeting minutes and exhibits. I try to provide as much of the information as possible before the board meetings. I will need to know a contact name for delivering requested materials to this Committee.

Vice Chair Hogan:

We will contact you.

William Striejewski:

Very good. I will make sure your Committee secretary has my card.

Vice Chair Hogan:

We have a question.

Assemblywoman Pierce:

I do not see a fiscal note on NELIS. We do not have a fiscal note. [Ms. Welden said, off the microphone, it was not ready yet.]

William Striejewski:

I know I passed it on to my Administrative Services Officer. I apologize.

Vice Chair Hogan:

Do you wish to comment further?

William Striejewski:

While I am not the direct expert on a couple of these issues, I would like to comment on the new pipeline. To my knowledge Holly Corporation is the principal owner of the pipeline. It is my understanding it will be available for other companies to use for gasoline, diesel, and jet fuel deliveries. Also this week, I spoke with an EPA representative. He was fairly certain that MMT was not added at the rack, but it is added at the refinery.

Vice Chair Hogan:

Are there any other questions? [There were none.]

Lon Beal, Administrator, Bureau of Weights and Measures, Division of Measurement Standards, State Department of Agriculture:

There is no fiscal impact on the Bureau of Weights and Measures. The Division has two bureaus—Petroleum Technology and Weights and Measures. I have a couple of concerns about the transfer papers. The EPA does not have a disclosure requirement for MMT, so I am not sure how the process would work, and I will look into it. As far as labeling on the pumps, we have existing regulations for doing that, and they can easily be adapted to fit a new label. I am only concerned about fitting all the information on a pump handle label, but I will look at the possibilities. I would be happy to answer any questions.

Vice Chair Hogan:

Are there any questions? [There were none.] Would the sponsor like to make some concluding comments?

Assemblywoman Carlton:

As I stated at the beginning of the hearing, this bill is not about MMT. We have had that debate, and I was in the middle of it for a couple of years. I want to give consumers the information necessary for them to decide whether or not they wish to pump fuel that may cause damage to their vehicles. Their vehicles are valuable investments for them. I feel it was inappropriate to have the motives behind this bill questioned. I know why I requested the bill. Since the MMT debate is finished, my next job is to protect the consumer. This is a Committee bill, and I would never put the Committee's reputation at stake on something I did not believe in.

Vice Chair Hogan:

I am closing the hearing on Assembly Bill 453, and I am opening the hearing on Assembly Concurrent Resolution 5.

Assembly Concurrent Resolution 5: Directs the Legislative Commission to conduct an interim study on desalination and industrial water resources in this State. (BDR R-730)

Mr. Anderson will present the resolution.

Assemblyman Elliot T. Anderson, Clark County Assembly District No. 15:

This resolution is being put forth to study desalination options and the amount of water used in our state by our industries across our state. I will not take too much time with you today, as I am bringing forward this resolution to introduce the idea into our legislators' thought processes.

[Mr. Anderson continued to read from prepared testimony ([Exhibit R](#)). Some supplemental dialogue and information have been included where appropriate.]

One of the principal problems California has in situating desalination plants along its coastline is fragile ecosystems exist there. This environment is protected by federal regulations. In Nevada, our ecosystem is high in salinity and alkaline deposits, and we have a lot of open space where we could store the salt by-product of the process. We could put all of the salt residue inside Yucca Mountain, and take care of two birds with one stone. Building a desalination plant in our state would not be easy. We would have to pump tons of ocean water a long way, which will take a lot of power. We will have to look at ways to save on power consumption. There would be a number of challenges, but I believe we need to study the possibilities. Water is very important, and if we can find a way to desalinate water here, we could create a new industry.

When it comes to creating new industries in our state, we have to consider what is possible and what is doable with our geography. If we can make this work, it would help spur development in the renewable energy industry. It could become a cheap way to produce power, and because of that, it may attract capital investment to build the necessary pipeline to transport the salt water here for processing. Can I answer any questions?

Assemblyman Munford:

Desalination plants are well established in the Middle East, especially around the Persian Gulf. Where do they store their salt residue? Do they store it in the desert?

Assemblyman Anderson:

I do not know. They do not have the same environmental regulations that we have, so they could be putting it anywhere they choose.

Assemblyman Ellison:

I believe this concept has been considered a couple of times. The Southern Nevada Water Authority (SNWA) has looked into the possibility of building a desalination plant. They have looked at the cost and the permits required. Permitting is very challenging. I believe a lot of this work has been done by SNWA, and you may want to talk with them.

Assemblyman Anderson:

I have been talking with SNWA. They will be testifying today. My concern is we need to find a way to focus on desalination operations that does not involve exchanging credits for Colorado River water. We need to control our own destiny without worrying about whether or not there is sufficient snowpack in Colorado. We need to have an independent fresh water source.

Assemblywoman Pierce:

This is a good idea, and it is one that a lot of people are thinking about. Desalination is moving ahead by leaps and bounds, and the technology gets better all the time. There are environmental and energy-use problems. The Desert Research Institute is studying this. We are entering a period of worldwide resource wars because, globally, people are running out of potable water. Water has everything to do with how the world will look in 75 years. I am supportive of this study in terms of what it does for our state. The more Nevada knows about desalination, the better.

Assemblyman Anderson:

Thank you for your support, Ms. Pierce. I would just like to say if the ocean runs out, we will have a different problem.

Assemblywoman Carlton:

I do not think the Legislature will be handling interim studies the same way it has been done in the past. We are trying to align our interim and statutory committees that we use during the session. What would your goal be as far as having this issue addressed through the interim?

Assemblyman Anderson:

Specifically, I would like to see the interim committees look at any options that do not involve exchanging Colorado River credits. The credits are not the best possible option in drought periods. I would like to see the desalination idea at least considered.

Vice Chair Hogan:

Would other witnesses in support of A.C.R. 5 come to the witness table?

Jason King, P.E., State Engineer, State Engineer's Office, Division of Water Resources, State Department of Conservation and Natural Resources:

Our office is in support of this resolution. As a water manager in the driest state in the nation, it is imperative that we look at all alternative water resources. The second part of the resolution looks to evaluate and review water usage by the various industries within our state. We do that currently, and we have a good working relationship with the different industries. Through our permit terms and monitoring plans, we already track their water usage. I would be happy to answer any questions.

Vice Chair Hogan:

Are there any questions? [There were none.]

Andy Belanger, Manager, Management Services, Las Vegas Valley Water District, Southern Nevada Water Authority:

We are in support of this resolution. The SNWA has studied desalination, and it continues to study desalination. We look at desalination as being a future resource option for southern Nevada. Currently, we are completing a one-year pilot test of the Yuma Desalting Plant in concert with the Metropolitan Water District of Southern California and the Central Arizona Water Conservation District. The pilot program is studying operating the desalter at 30 percent capacity. The results of the study will help us understand what technologies are necessary to advance the desalination process.

There are multiple issues, as there are with any water development project, which have to be resolved before that resource can be available. I appreciate the opportunity to participate in a study to look at options within the state to desalt water. One area of particular interest is desalting the brackish water that is found here. It might permit some short-term projects, which would treat highly saline water in the state, to create potable water. We support the idea of studying the desalination issues.

Vice Chair Hogan:

Are there any questions?

Assemblyman Ellison:

At one time desalting Gulf of Mexico water was under consideration. Is that correct? Also, in most cases gray water is cleaner than some of the available tap water; is that true?

Andy Belanger:

Yes, we are actively exploring opportunities for desalination both in California and in Mexico. The *U.S.-Mexico Water Treaty, Minute No. 318*, signed in December 2010, allowed Mexico's Colorado River allocation to stay in Lake Mead to help ameliorate the drought, which is occurring along the Colorado River. We hope *Minute No. 318* will make it possible to advance desalination projects with Mexico in the future. The standards required to return treated effluent or gray water to a waterway are high enough to insure the water is potable. There is a "yuk" factor associated with drinking treated effluent. There are communities in California where they use it, but it is not used for drinking water in Nevada. Our wastewater outflow is through the Las Vegas Wash, and it empties into the Colorado River and Lake Mead. Our drinking water comes from that source.

Kyle Davis, representing the Nevada Conservation League:

We are in support of the resolution. We appreciate the fact that it is a study. As Mr. Anderson made clear, these are very complicated issues. We need to look at all our options to determine what alternatives are available to Nevada. We will be seeing more and more decreased water resources in the future, and we need to know how to live within that paradigm.

Vice Chair Hogan:

Are there any questions? [There were none.]

Joseph Johnson, representing the Toiyabe Chapter, Sierra Club:

We stand in support of the resolution for a study, and we are aware there are a number of environmental constraints upon desalination. Those constraints should be identified.

Vice Chair Hogan:

Are there any questions? [There were none.] Is there anyone who would like to testify in opposition? [There was no one.] Is there anyone who would like to testify from a neutral position? [There was no one.] Is there any public comment? [There was none.] I am closing the hearing on A.C.R. 5.

This meeting is adjourned [at 3:46 p.m.].

RESPECTFULLY SUBMITTED:

Judith Coolbaugh
Committee Secretary

APPROVED BY:

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Natural Resources, Agriculture, and Mining

Date: April 7, 2011

Time of Meeting: 1:16 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 503	C	Kyle Davis	Proposed Amendment
A.B. 503	D	Kyle Davis	List of Wildlife Management Areas
A.B. 503	E	Kyle Davis	Letter of Support
A.B. 503	F	Tina Nappe	Testimony
A.B. 453	G	John Cabaniss	Testimony
A.B. 453	H	Alfredo Alonso	Commentary on Fuels and Additives
A.B. 453	I	Jeff Jetter	Testimony
A.B. 453	J	George Ross	Letter of Opposition
A.B. 453	K	George Ross	Map
A.B. 453	L	George Ross	Report
A.B. 453	M	George Ross	Letter of Opposition
A.B. 453	N	George Ross	Letter of Opposition
A.B. 453	O	George Ross	Letter of Opposition
A.B. 453	P	George Ross	Letter of Opposition
A.B. 453	Q	William Striejewske	Testimony
A.C.R. 5	R	Assemblyman Elliot Anderson	Testimony