

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON TRANSPORTATION**

**Seventy-Sixth Session  
February 24, 2011**

The Committee on Transportation was called to order by Chair Marilyn Dondero Loop at 3:18 p.m. on Thursday, February 24, 2011, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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/](http://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](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Marilyn Dondero Loop, Chair  
Assemblyman Jason Frierson, Vice Chair  
Assemblyman Kelvin Atkinson  
Assemblywoman Teresa Benitez-Thompson  
Assemblyman Steven Brooks  
Assemblyman Richard Carrillo  
Assemblyman John Hambrick  
Assemblyman Joseph M. Hogan  
Assemblyman Randy Kirner  
Assemblywoman Dina Neal  
Assemblyman Mark Sherwood  
Assemblywoman Melissa Woodbury

**COMMITTEE MEMBERS ABSENT:**

Assemblyman Scott Hammond (excused)  
Assemblywoman Olivia Diaz (excused)

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Marilyn Kirkpatrick, Clark County Assembly District No. 1

Assemblyman Kelvin Atkinson, Clark County Assembly District No. 17

**STAFF MEMBERS PRESENT:**

Jennifer Ruedy, Committee Policy Analyst

Darcy Johnson, Committee Counsel

Jordan Neubauer, Committee Secretary

Sally Stoner, Committee Assistant

**OTHERS PRESENT:**

Gerry McNulty, Private Citizen, Las Vegas

Robert Omeara, Private Citizen, Las Vegas

Daniel K. Inouye, Senior Specialist, Air Quality Management Division, Washoe County Health District

Kyle Davis, Political & Policy Director, Nevada Conservation League & Education Fund

Burel Schulz, Administrator, Division of Compliance Enforcement, Department of Motor Vehicles

Jeanette K. Belz, representing Nevada Chapter Associated General Contractors of America; and Nevada Highway Users Coalition

Chad Dornsife, Executive Director, Best Highway Safety Practices Institute

Paul J. Enos, Chief Executive Officer, Nevada Motor Transport Association

Monica Brett, Nevada Program Associate, Southwest Energy Efficiency Project

Mike Salisbury, Transportation Program Associate, Southwest Energy Efficiency Project

**Chair Dondero Loop:**

[Roll was called. Rules and protocol were stated.] We will hear two bills today and have a presentation. I will now open the hearing on Assembly Bill (A.B.) 2.

**Assembly Bill 2:** Revises provisions relating to emissions testing for certain restored vehicles. (BDR 43-134)

**Assemblywoman Marilyn Kirkpatrick, Clark County Assembly District No. 1:**

I will give you a background on Assembly Bill 2. I represent an older, rural district within Clark County, which encompasses North Las Vegas, Las Vegas, and Clark County. I have a lot of constituents who have the room and ability to work on older cars. It is a big part of my district. One out of every five households owns a classic car. I provided you with a paper PowerPoint presentation ([Exhibit C](#)). Within *Nevada Revised Statutes* (NRS) 482.381, 482.3812, 482.3814, and 482.3816, we currently have several different designations of older cars: old timer, classic, street rod, and hot rod. It is somewhat confusing at times as to which cars are which. There are good pictures within the PowerPoint that show the different types of the cars.

This was first brought up to me by a constituent who had a car that was older than 1967, which is currently exempt from getting a smog test. As time goes on, we have not taken into consideration those cars. There are seven 1970 El Caminos in my district. There is not an easy way for the owners of the 1970 El Caminos to get a smog test, so their cars sit and deteriorate. It is unfortunate because these cars are a great piece of history. As we proceed I am asking you to put a provision in place, so that as we go further into the future, we look back and do not exclude cars such as the Ford Mustang Mach 1, the Chevrolet Nova, and the Shelby Mustang. It would be a tragedy to our state to have those cars rust and deteriorate. The genesis of the bill is to allow the smog test to go further. We want to make sure we are constantly keeping up with time.

I did propose an amendment after speaking with many people from the car industry. You have a copy of the amendment ([Exhibit D](#)). The amendment should be in section 5. Currently the limit on the mileage is 2,500 miles. I could not find any information on the history determining why the 2,500 mile limit was in place. I asked for that to be increased to 5,000 miles. Let me explain why. Since I heard about this bill, I went to many car shows and acquired a lot of information. I noticed many out-of-state license plates on the classic cars and paid attention to where they were registering them and to how they were getting them there. The car show attendees who had out-of-state license plates told me they did not have to smog their cars in those states, and it was easier to have their classic cars out-of-state than in Nevada. I asked them if it would be more convenient if Nevada allowed them to exempt their cars from smog testing under the 2,500 mile limit. They responded by saying that if they wanted to drive to Oregon from Las Vegas and back, for one particular car show, they would have utilized 90 percent of those 2,500 miles. The average mileage for a car is about 13,000 miles. This would be less than half, but it would still give the ability for Nevada license plates to be in other states and to show that Nevada does support these types of vehicles.

The way the bill is written, classic car owners would still have to qualify for one of the special license plates. They would still have to pay \$35 to get one of the special license plates. The \$6 fee comes from the emission portion that goes into the Pollution Control Account for our state, which is important so we can stay within our guidelines. Most people do not mind paying into the account. I did some research: Arizona vehicles 1966 and older, designated as collectables, are exempt from smog testing; California has six counties that are exempt from smog testing; Idaho exempts classic cars over 30 years and old timers manufactured before 1949; in the Portland, Oregon area, cars and trucks from 1974 or older are exempt, and in Medford it is 21 years or older; Utah emissions certificates are not required for models before 1967; and in Washington cars are exempt after 25 years. I believe I am keeping consistent with our surrounding states.

**Chair Dondero Loop:**

Thank you, Assemblywoman Kirkpatrick. Do any Committee members have questions?

**Assemblyman Kirner:**

Does a person have to have one of the special license plates to be exempt from a smog test?

**Assemblywoman Kirkpatrick:**

Currently there are four special license plate designations within the statute, so you could have one of those four.

**Assemblyman Kirner:**

You would have to have one of those four?

**Assemblywoman Kirkpatrick:**

You do have to have the plate. I believe that is reasonable. We want to make sure they are designated. We want to show everyone that the car is a collectable series.

**Assemblyman Kirner:**

Your bill also says the car must be 40 years or older, not the date of manufacture?

**Assemblywoman Kirkpatrick:**

That is current statute.

**Assemblyman Kirner:**

Forty years or older is current statute?

**Assemblywoman Kirkpatrick:**

Yes. It just depends on which designation. I am sure the Department of Motor Vehicles (DMV) will tell you; there are some technical aspects within the designations. The frame of the car usually has a stamp on it, and that is how the DMV determines which one of the four special license plates they qualify for. There is a process that has been in place for a very long time. I am just asking once the designation is in place that they be exempt from the smog testing. Otherwise the cars sit and deteriorate on the side of the house.

**Chair Dondero Loop:**

Are there any other questions from the Committee?

**Assemblyman Carrillo:**

If you do exceed the 5,000 mile limit that is set forth, what would happen?

**Assemblywoman Kirkpatrick:**

Currently when you go in to get the designation for the special license plate, you have to sign an affidavit with the DMV saying that you will not exceed the 5,000-mile limit. These cars are very hard to insure; most people only have liability coverage. I do not know too many people who want to use the vehicles on a daily basis. You can ask the DMV if there is an enforcement process that they use.

**Assemblyman Carrillo:**

Pertaining to that, does one have to take the affidavit every time they go to register their vehicle at the DMV to prove that they did not exceed the 5,000-mile limit?

**Assemblywoman Kirkpatrick:**

I do not know. The way I wrote the bill for the smog piece, it would be a onetime thing, and then you would be exempt. As far as how the DMV currently does it, I do not have the answer, but I am happy to get it for you.

**Assemblyman Carrillo:**

So it would be a trust thing with the DMV? [There was no response.]

**Assemblywoman Benitez-Thompson:**

I am wondering where the \$6 fee amount came from. I am assuming it is not an arbitrary number, but I want to know the thinking behind that specific number.

**Assemblywoman Kirkpatrick:**

Currently, when anyone goes and gets a smog test, there is a \$6 fee. I felt that the fee should stay part of the process. If vehicles are not being registered, at least we are getting the \$6 fee, even though it is a onetime fee.

**Chair Dondero Loop:**

Are there any other questions from the Committee?

**Assemblyman Brooks:**

I like the bill. I might not be a connoisseur of classic vehicles, but I will agree with you that these are some dynamic vehicles. I appreciate them. I support your bill, and I like the fact that you added the \$6 fee. The money we receive from the smog checks will go into the licensing of the plates. Will there be a loss to the state?

**Assemblywoman Kirkpatrick:**

That was the whole genesis of the bill; we did not want the state to take a loss. I believe there was a fiscal note on the bill, with which I can agree to disagree. It is neutral revenue because we are not taking those dollars. I do believe we are going to see an uptake in the registration because so many people are not currently registering their classic cars. They are more inclined to register them for the \$41. Next session I will look to make sure there is an increase, and I believe there is that possibility.

**Assemblyman Atkinson:**

You mentioned a fiscal note. Is that from the DMV?

**Assemblywoman Kirkpatrick:**

Yes. I disagree with that because we already have the vehicles in place and have an exemption for additional vehicles. It is an agency's job to write a fiscal note, but I am curious to hear how that works because we already have all the tools here.

**Assemblyman Atkinson:**

I am trying to understand the fiscal note as I am reading it online. What is the total? Is it \$10,000? I am confused.

**Assemblywoman Kirkpatrick:**

They said they would have to write an initial program that would cost \$10,000. I believe after that, it will show that there is a benefit to the state. I can agree to disagree. We already have these two other components in place, and I do not know why it costs so much to write a program.

**Assemblyman Atkinson:**

It is showing that it will make money after two years. I am confused by why there is a fiscal note. The DMV, historically, has written fiscal notes in this Committee to kill bills that they did not want to deal with. I know they are probably here in the audience and heard that I just said that, but that is typically the case. I have rarely seen a fiscal note where you see money generated in the next two years and cost the first year.

**Assemblywoman Kirkpatrick:**

I have not heard from the DMV since the new administration took over. Maybe they have a new way of thinking. It just seems that we have all the tools in place. I would have a hard time justifying to my constituents why it would cost the DMV \$10,000 to do what we already have in place, yet we are going to make \$50,000 for the DMV in the next biennium.

**Assemblyman Atkinson:**

You will hear from the DMV today.

**Assemblywoman Kirkpatrick:**

Good, thank you.

**Chair Dondero Loop:**

Are there any other questions from the Committee?

**Assemblyman Frierson:**

I just want to make sure I understand the fiscal note; I am confused as well. There are so many cars right now that are not being registered because of the difficulty getting a smog test. By allowing this, the accumulating \$6 fee will be more than whatever we may lose and the cars that are currently being registered.

**Assemblywoman Kirkpatrick:**

The DMV is not affected at all. The \$6 fee has been going to a different agency and it will continue going to that agency. The DMV is affected in a positive way because people will now register their cars and get these special license plates; I am curious myself as to how that works. I did work with my constituents on the \$6 fee because I believe we want to keep the state neutral on that piece. I believe they will spend the \$35 because they still have to get the special license plate. I am not sure of the other effects to the DMV.

**Chair Dondero Loop:**

Are there any other questions from the Committee?

**Assemblywoman Kirkpatrick:**

I have Mr. McNulty and Mr. Omeara in the audience in southern Nevada. I want them to come to the table first. They are my constituents who I have been working with on this matter.

**Chair Dondero Loop:**

Mr. McNulty and Mr. Omeara, would you come to the table please? Welcome.

**Gerry McNulty, Private Citizen, Las Vegas:**

I am retired and have lived in Las Vegas since 1993. I rebuild cars for a hobby; it is not a business. Right now, I have six classic cars in the garage because they cannot pass smog tests. Years back, most cars would not pass smog tests. Owners would take their car into the shop and have the timing fixed and adjustments made to the carburetor which would allow the car to pass the smog test. They would get a receipt and then have the shop undo the changes they just made to the car so it ran again. Now, the shops will not do that. They want to keep the car overnight and do a total diagnostic test. I have been quoted \$225 to \$470 for a total diagnostic. I know they are going to do the same thing the shops did years back: fix the timing and adjust the carburetor, do the smog test, undo all the changes, and then call me to pick it up and pay the \$470 bill. That is the problem I am having with smog testing, and that is why my cars are sitting in the garage. I filed for a ten-day permit from the state to drive to the garage to get a quote on how much it would cost to make the car pass smog. That is how I got the \$470 quote.

All my cars are insured by State Farm, and they charge me \$9 a month for each car. It is called classic insurance, and it is very reasonable. You have to report mileage every year. That is all they request. The problem is there are cars sitting around unregistered. No one wants to work on them because they know they are not going to pass a smog test. I have a son in Arizona, and I could register my cars in Arizona and not have a problem. I do not want to do that. The other problem is that people may have a car that is 1967 or older; therefore, it is exempt from a smog test. They will buy one plate for that car and use it on all their cars. The state is losing revenue.

I have no problem paying the state fees. I think we should have all these cars registered in our state rather than take them all over the country and get them registered 5,000 miles away. It does not make any sense. What Assemblywoman Kirkpatrick is recommending is fair, and we can get all these cars registered. If you ever go to a classic car show, like Barrett-Jackson Auction Company, you will see these cars are fine looking vehicles. They do not get taken to the grocery store. All they do is go to car meets, car shows, and club meetings. I do not take my classic cars to the



grocery store because someone would run a grocery cart into it. I want to respectfully ask the Committee to support Assemblywomen Kirkpatrick in this legislation. I think A.B. 2 is a good and fair bill; it is also a good income producer for the state.

**Chair Dondero Loop:**

Thank you, sir.

**Robert Omeara, Private Citizen, Las Vegas:**

I would like to thank the Committee and Assemblywoman Kirkpatrick for paying so much attention to this concern. I would like to address a couple of things. First, Assemblyman Carrillo asked what happens if you exceed the mileage. The answer is you would lose your ability to keep the special license plate. You would have to get a normal plate for continued unlimited mileage driving, and that would mean you would have to undergo the smog test. Second, I have spoken to a number of people who are very familiar with organizing car shows, car clubs, and events. They are in support of A.B. 2. There is no negative feedback that I can report. There is no complaint about the fees that are proposed. The \$6 fee is not a problem, and we want to make sure we do not negatively impact any part of the state budget. Even if the fee has to go up a few more dollars, I do not think anybody would argue about that. I do not think anyone wants to make the state any worse off than it already is.

I want to support everything Mr. McNulty said. I agree 100 percent with him, especially regarding the labor on our vehicles. I also have some old cars that I would like to be able to fix up. It is not just a matter of having them lying around deteriorating out in some field. They are in our garages while we slowly work on them. One of the disincentives is that most people who have these old cars have a hard time spending thousands of dollars and hundreds of hours working on them. Even though we do love it, the expense in a bad economy is tough to bear. We do not want to spend a lot of money fixing our cars when we do not know if it will help the car pass a smog test. Would you say that is correct, Mr. McNulty? [Mr. McNulty agreed.] We are in agreement on this. I believe that we do speak for a lot of people in similar situations.

I would like to address the antiquity of this law and show that it is an impediment to people becoming active on the labor of their vehicles. The consequences are economic. I called the DMV Emissions Lab and asked when the current law was updated last. Most of the other states seem to be moving forward. In Massachusetts, for example, any vehicle that is 15 years or older is exempt from smog testing. They have this set in place because most people are driving new cars. There are hundreds of cars at the Grant Sawyer State Office Building right now, and I did not see one classic car. We do not

drive these cars everywhere. We care for them and love them. We do not take them to the grocery store because we do not want them to get smashed by other cars or get door dinged. We value our classic cars very much and take good care of them. There have not been any changes to this law, according to the DMV Emissions Lab, since 1980 and 1981 when it was first instituted. At that point, there was a 13-year period for smog-tested vehicles. These were mostly the typical grocery-getters from the 1960s and 1970s. People were not caring for their classic cars as much, just as today many people do not care for their ordinary vehicles, hence the need for smog testing. I am an environmentalist; I have helped pass environmental bills in Massachusetts and California.

When we think back to how old this law is, 1980 and 1981, it was President Ronald Reagan's first term. Right now, average college students cannot even remember the Gulf War, Ronald Reagan as President, or the first George Bush as President during 1991 because they were not born yet. I think this is important to remember in our perspective of time. I am sure most of us can remember the 1960s and 1970s, but a 20-year-period for emissions cutoff, I think, as do many people from this part of town, would be a very reasonable cutoff date. 1967 was the last year for smog-exempt vehicles. In 1967, Lyndon Baines Johnson was President; we were still in the early part of the Vietnam War; Bobby Kennedy and Martin Luther King, Jr. were still alive and well; Muhammad Ali was just denied his draft exemption; Wilt Chamberlain was playing basketball; and Bobby Hull was making records in hockey. We are familiar with Elvis Presley. It is unbelievable that we are still testing cars for smog requirements dating back two years prior to the point in time, in 1969, when Elvis Presley began his regular shows in Las Vegas.

If we could remove this impediment, we could get back to working on our cars with the confidence and knowledge that we can put these babies on the road. What will happen is people like me and Mr. McNulty will be able to go out and buy new sets of tires from the local tire shop, and we will buy new car parts.

**Chair Dondero Loop:**

Thank you so much. We are going to move on to Mr. Inouye.

**Assemblywoman Kirkpatrick:**

May I just add one more thing on my amendment?

**Chair Dondero Loop:**

Absolutely.

**Assemblywoman Kirkpatrick:**

I apologize. On my amendment ([Exhibit D](#)) there was a word that should be left out. Section 1, subsection 1, paragraph (a) says, "*provide* for the exemption from such standards of *a* restored vehicle. . . ." "Restored" should be taken out because it does not apply. Thank you for allowing my constituents to have their say.

**Chair Dondero Loop:**

Thank you. Mr. Inouye, we would like to hear from you next.

**Daniel K. Inouye, Senior Specialist, Air Quality Management Division,  
Washoe County Health District:**

Washoe County Health District protects public health by designing, adopting, and implementing rules, programs, and policies to expeditiously meet National Ambient Air Quality Standards. The Washoe County Health District is not opposed to A.B. 2 but has a concern regarding the way the bill was drafted. The existing regulation and proposed bill requires that the owner certifies to the DMV that the vehicle was not driven more than 5,000 miles during the immediately preceding year. However, there is no mechanism to verify or ensure that the vehicle was driven less than 5,000 miles during that period.

The Washoe County Health District is concerned that without such a mechanism in place the potential for air pollution impacts would be increased from exempted vehicles that may be exceeding the 5,000-mile limit. The Washoe County Health District believes the bill can be improved by requiring odometer readings in the certification provided to the DMV and by also having a mechanism to provide some verification of the mileage driven.

One approach might be to require some small percentage of the exempted vehicles to be randomly selected and receive a DMV vehicle identification number check during which the odometer reading is recorded. In addition, the United States Environmental Protection Agency (EPA) has proposed lowering the National Ambient Air Quality Standard for ozone from 75 parts per billion to somewhere in the range of 60 to 70 parts per billion. The Environmental Protection Agency will issue the final ozone rule in July 2011. Automotive emissions are a significant precursor to ozone formation, and on-road motor vehicle emissions are the largest man-made source of ozone precursors in Washoe County.

The emission testing requirements are currently included in our state implementation plans for carbon monoxide and ozone. The Washoe County Health District may not be in attainment with the new ozone standard. If we are not in attainment, then the EPA will require the Health District to identify

and implement enforceable emission control measures to improve air quality and meet National Ambient Air Quality Standards. Thank you for the opportunity to provide you with our concern regarding this bill. Washoe County Health District staff members are available to work with the bill drafters, as subject matter experts, to provide assistance with any changes required to address this concern.

**Chair Dondero Loop:**

Thank you, Mr. Inouye. Did you sign in as neutral?

**Daniel Inouye:**

Yes.

**Chair Dondero Loop:**

Are there any questions from the Committee?

**Assemblyman Atkinson:**

I am just trying to understand what you were saying and why you are neutral. Are you saying these cars are going to be registered without a smog test, so they are going to add to air concerns? Is that what the Health District is concerned about?

**Daniel Inouye:**

Yes, we are concerned with the introduction of new vehicles into this program exempting them from the smog check.

**Assemblyman Carrillo:**

I have a question in regard to the concern you stated. There are vehicles from 1967 and older that do not require smog tests. You feel that the amount of vehicles that will be added to the roadways will add to the pollutants in the air? The testimony that was given by Mr. McNulty and Mr. Omeara told us that these vehicles are not driven every day. They do not drive them to the grocery store. I own a 1967 Mustang; I went out of my way to purchase a 1967-or-older vehicle, so I would not have to worry about getting a smog test. I have driven that car ten miles in two years. I can understand why you are neutral on this bill, but in the same aspect, if you could provide us with some numbers, we might be able to see the impact clearly. How can you say that there is going to be an impact on the air quality when you do not have any numbers to provide to us?

**Daniel Inouye:**

Our concern is that the vehicles would be included in the exemption without the initial test. The actual number of older vehicles is small, and as the fleet mix gets newer, the older vehicles will fall off. That means there will be less of an impact toward the air pollution problem. To specifically quantify the numbers, we will have to do some additional research. We estimate, in Washoe County, about 33,000 vehicles would be eligible for this exemption. That is based on age and type of vehicle. Out of the 33,000 vehicles that could be eligible, a certain percentage would apply for that exemption. Based on the change from 2,500 miles to 5,000 miles that would be something we would also have to consider on the air quality side.

**Assemblywoman Benitez-Thompson:**

I appreciate your concerns for air quality. What I was hearing in the overview of the bill is that these cars indeed already exist within the communities and are being utilized under the radar. Do you sincerely feel like there are going to be more cars operating or would you believe the argument that those cars are operating now but just under the radar?

**Daniel Inouye:**

Our main concern is that there is not a mechanism to verify the current 2,500 miles or fewer and the proposed 5,000 miles or fewer. It is on the honor system, and if we could tighten that up, we could improve those numbers.

**Chair Dondero Loop:**

Are there any other questions from the Committee? I apologize, Mr. Davis, I did not realize that you marked that you were speaking for this bill. Would you like to come up now please?

**Kyle Davis, Political & Policy Director, Nevada Conservation League & Education Fund:**

I am both in favor and neutral depending on the section of the bill. I will briefly explain what I mean by that. I am in support of sections 1 through 4, which deal with charging the \$6 fee. It makes sense that you would charge this fee for these cars. These cars operate, and therefore, they do have some impact on the pollution in the atmosphere. It makes sense that they would be paying into the Pollution Control Account. In looking at the fiscal note and listening to Assemblywoman Kirkpatrick, I think we are going to see an increase in funding for that account, and that is always a good thing. It is money that can go to help air quality in our larger counties.

As far as section 5 is concerned, I am neutral. I do not think we are talking about a lot of cars, so I do not think we are going to see a big impact on air

quality. I agree with the Washoe County Health District that verification of the mileage would be nice. Although, I know that there are other things that are done at the DMV on an affidavit basis. I know there are certain things that qualify as mitigation measures under the EPA when you do have air that is out of attainment. I would want to make sure in doing this we are not taking away a tool that we have in our toolbox in terms of mitigation measures to try to bring Clark County into attainment for air quality. That would be something to check on, but I think in general it is a pretty good bill, and it is going to provide us with some more money to do air quality improvements.

**Chair Dondero Loop:**

Thank you, are there any questions from the Committee? [There were none.] Is there anyone else for A.B. 2? [There was no one.] Is there anyone against A.B. 2? [There was no one.] Is there anyone neutral? [There was no one.] Is there anyone else wishing to testify on A.B. 2?

**Assemblywoman Kirkpatrick:**

Washoe County and Clark County do bring some great concerns, but I want to say that people can register their vehicles in other counties. There are 15 other counties within our state that do not require a smog test at all. What difference is it if you drive across county lines, or if you are a tourist from California? It is the same thing. Are we going to pull over every car that has a special license plate to see if they are contributing some type of air quality impact to our state? Last time I checked, we were a tourist state and we wanted to encourage people to come to Nevada. There are other counties that do not require a smog test, and I can tell you that my constituents can go to Nye County and register their vehicle with no smog test required. They could then be in Clark County every day. I am not sure how we would compromise on that particular piece.

As far as the affidavit, that is within the purview of the DMV, and I think that is a separate issue and a separate bill. This really is just talking about increasing the mileage that has not been increased for years. The DMV has a regulatory process to determine how they do that, but we sign a lot of affidavits before the DMV, and I am sure they keep track of the mileage. I do not know how we would address those concerns within this bill, and if they were a problem, we should have addressed them the last five sessions.

**Assemblyman Atkinson:**

I have a quick question and I think it is more appropriate for Legal. If the Chairwoman puts this on a work session at some point and it does pass, because of the fiscal note and because it has not been removed, would it have to go to the Committee on Ways and Means?

**Darcy Johnson, Committee Counsel:**

Honestly, I am not certain; I will check and get back to you. I think so.

**Assemblyman Atkinson:**

I think so too. Have you been informed of that? Is that the case?

**Assemblywoman Kirkpatrick:**

I believe, personally, that it would have to go to the Committee on Ways and Means, but I believe that once the DMV had to come justify the fiscal note that it could then be passed out if that were the pleasure of the Committee.

**Chair Dondero Loop:**

Are there any other questions for Assemblywoman Kirkpatrick? [There were none.] Is there anyone else wishing to testify on A.B. 2? Mr. Schulz?

**Burel Schulz, Administrator, Division of Compliance Enforcement, Department of Motor Vehicles:**

I did not write the fiscal note but I read it, and the DMV is neutral on this issue. It does show a positive cash flow and revenue stream. There is some cost in here due to programming because, prior to this, we were not charging the \$6 fee. Eventually it shows a very positive cash flow.

**Chair Dondero Loop:**

Thank you kindly for coming up to speak. Assemblywoman Kirkpatrick, do you have anything else to add?

**Assemblywoman Kirkpatrick:**

Thank you for the opportunity to come before your Committee.

**Chair Dondero Loop:**

Is there anyone else wishing to testify on A.B. 2? Seeing no one I will close the hearing on A.B. 2, and we will hold the bill for a future work session. I will now open the hearing on Assembly Bill 152. Welcome, Assemblyman Atkinson.

**Assembly Bill 152:** Creates an advisory committee to develop recommendations for the funding of highways in this State. (BDR S-180)

**Assemblyman Kelvin Atkinson, Clark County Assembly District No. 17:**

{Submitted [Exhibit E](#).} Our transportation system impacts our quality of life. We must continue to make it a priority to invest in our transportation infrastructure in order to support our communities and increase economic activity throughout our state. Therefore, I am sponsoring Assembly Bill 152,

which creates an advisory committee to develop recommendations for increased funding for highways in Nevada. The advisory committee must submit its recommendations to the voters at the 2012 general election for approval. I believe it is important to have the input of our citizens as we develop new types of funding for the state's transportation projects.

This proposed measure creates an advisory committee consisting of eight members: three appointed by the Speaker of the Assembly and three appointed by the Majority Leader of the Senate. Not more than one member may be from the Assembly and not more than one member may be from the Senate. The remaining two members would be appointed by the Minority Leaders of the Assembly and Senate.

Each session, this Committee hears testimony from a variety of sources on the importance of increasing funding for, and continued investment in, our state's highway system. State transportation revenues are still not keeping pace with the escalating construction costs. Nevada's Department of Transportation estimates that by 2017, there may be a cumulative shortfall of \$5.7 billion to fund necessary highway projects.

You may recall, last legislative session, the Legislature considered a bill that I sponsored, Assembly Bill No. 503 of the 75th Session. It was identical to this bill. The bill passed both houses and was sent to the Governor. However, the Governor vetoed the bill and stated: "The bill circumvents the legislative process by allowing a small group of non-elected officials to make recommendations that may have major implications on taxpayers, and then present those recommendations to the voters. If such recommendations are to be submitted to the voters, they should be recommendations from the Legislature as a whole."

However, I disagree. This is not a new concept and, in fact, helps the legislative process. Let me share with you an example I used last session. The 2007 Legislature created an advisory committee known as the Washoe County Schools Construction and Revitalization Advisory Committee under the provisions of Senate Bill No. 154 of the 74th Session. This advisory committee prepared recommendations for the imposition of taxes to fund capital projects for the Washoe County School District and required the Washoe County Board of County Commissioners to impose those taxes only if the voters of the county approved the imposition of those taxes at the 2008 general election.

The advisory committee met throughout the legislative interim and discussed various types of taxes that could be used to fund capital projects in Washoe County. The advisory committee recommended the imposition of



an additional one-quarter percent sales and use tax in Washoe County beginning on July 1, 2009, and the imposition of an additional governmental service tax. The question was added to the 2008 general election ballot in Washoe County. Ultimately, the voters opposed the ballot question and it lost: 54 percent against and 45 percent in favor.

Therefore, the Legislature listened to the public and did not go forward with this recommendation. In closing, I urge you to let an advisory committee develop recommendations to fund transportation projects and allow voters the choice, if, and what types of, funding streams should be used for the construction and maintenance of our highways.

Last session A.B. No. 503 of the 75th Session was voted out of the Assembly 37 to 4 with 1 person absent/excused. The Senate voted for this measure 21 to 0. I am not sure, because the Governor vetoed the bill after we left session, what the true intent was. There was no fiscal note, staffing was going to be taken care of through another agency, and there will be legislators on the advisory committee along with citizens, so I thought both were covered. You will hear from people who echo the same sentiment that the Governor wrote in this letter, which again I disagree with. It is not circumventing the system; it just adds to the system. It is like any other process we have gone through. Like the initiative process, the Legislature does not decide that process, the people do. This was just another stab at it.

If you look at transportation throughout the years, as I have, transportation dollars are not keeping up with the demand of our highways and infrastructure throughout the state; it has been that way for a long time. We have been creative with some things throughout the years. We had Senate Bill No. 5 of the 26th Special Session, which created some construction dollars and helped with some things we have been trying to accomplish throughout the years. When you have sessions, like we have now, where everyone is focused on education, health care, mental health, and just trying to keep the state together, transportation continues to fall by the wayside. This bill is not saying that the advisory committee has to come up with things without allowing the citizens to give their input. It is saying that the advisory committee will meet publicly. They will be open to the public and hear from the citizens. The citizens will tell the advisory committee what they think should be done and what they would be willing to support with revenue for construction and highways.

**Chair Dondero Loop:**

Thank you for your testimony. Are there any questions from the Committee?

**Assemblyman Brooks:**

How is this process done currently? How do we choose what the funding stream should be used for in regard to construction and maintenance?

**Assemblyman Atkinson:**

There are a few different ways. Transportation dollars are allocated through the Department of Motor Vehicles (DMV), Nevada Department of Transportation (NDOT), the federal government, and stimulus funding. There are various components of how we are funded, but our current funding is just not keeping pace, so our projects are not keeping pace.

**Assemblyman Brooks:**

Are the funding streams that are coming down from NDOT and those different subsidiaries already pinpointed to where they are supposed to go? In other words, if NDOT is getting a certain amount of money from federal grants, do they have to use that money for certain projects? If so, how would this advisory committee deal with that?

**Assemblyman Atkinson:**

The DMV will have to answer how they do that. The DMV typically gives the Legislature a list of projects that they are working on and are projected to work on over the next five, seven, or ten years. They have been pretty good at outlining projects to the Legislature.

**Assemblyman Hambrick:**

I appreciate this topic. Can we have an interim committee take the place of the advisory committee, but have the leadership of both houses get together and appoint? If so, we would not have to put it into the *Nevada Revised Statutes* (NRS). Could the Speaker and the Majority Leader create this legislatively without it going into statute?

**Assemblyman Atkinson:**

I think you are talking about the interim committees that we sit on. I assume they could, but passing this bill would ensure they do. I think you voted for my bill last session, but we do not know what leadership will do after session. Some are already mandated. We would need to find out how many more interim committees can be added, but I am sure it would be at least one.

**Assemblyman Hambrick:**

This question is addressed to Legal. Is there a limit on the dollar amount with a fiscal note specifying if it has to be referred to the Committee on Ways and Means?

**Darcy Johnson, Committee Counsel:**

Not that I am aware. I believe each session, leadership has the ability to change the rules for when and how bills are referred to the Committee on Ways and Means. I am not aware what those rules are this session.

**Assemblyman Atkinson:**

There is no fiscal note on this bill. I am not sure where that question comes from. Developing another committee in the interim would probably put a fiscal note on the bill. If the bill was passed in this Committee, there would not be a fiscal note. Last year the fiscal note was removed in the Senate.

**Assemblyman Hambrick:**

I am looking at a fiscal note from the Legislative Counsel Bureau (LCB).

**Assemblyman Atkinson:**

On this bill?

**Assemblyman Hambrick:**

Yes, LCB does have a fiscal note on this bill.

**Assemblyman Atkinson:**

I have not seen it. We will remove the fiscal note, like we did last year. I can promise you that.

**Assemblyman Kirner:**

I am just trying to understand how all this works. Why is there a need to have a committee? I thought NDOT effectively did this task and then prioritized what needed to be done with the transportation dollars. I guess your issue is, as I have heard from my constituents, they do not want any part of the Vehicle Miles Traveled fee, which would presumably be one of the things that might be considered in this committee. I thought there were some governmental agencies that were looking at alternatives. I am not quite sure why we need a committee.

**Assemblyman Atkinson:**

You are talking about two separate issues. Yes, NDOT does prioritize and that is their job; we have left that up to them, and they have done a good job throughout the years. This is creating funding to give them more money, so

they can prioritize more jobs. This bill would not allow us to prioritize for them. This bill is simply to create an advisory question to go on the ballot that people feel comfortable with, so we can increase revenue for transportation and highway funding. Maybe we can try to create a light-rail system or something as well.

**Chair Dondero Loop:**

Thank you, are there any other questions from the Committee?

**Assemblyman Sherwood:**

Would you feel comfortable with exhausting the other avenues that we have already identified and you have agreed to, before we entertain this bill? Specifically an interim committee, is it possible to entertain it here? You have said you think that there could be an interim committee already assigned. Is that correct?

**Assemblyman Atkinson:**

Creating an interim committee would place a fiscal note on the bill. The way I proposed it, and the way it went through last year, removed the need for a fiscal note. I would not entertain it for those purposes. I do not want the state paying for it.

**Assemblyman Sherwood:**

If there is a fiscal note on here, which there is, the state would be paying for it. If you cannot remove it, would you be opposed because there would be a fiscal note on it?

**Assemblyman Atkinson:**

I am telling you that I would be opposed to my own bill if there is a fiscal note on it. If the fiscal note cannot be removed, then I am opposed to my own bill.

**Assemblyman Brooks:**

I want to say that I actually do like the idea of the advisory committee. I can appreciate that it was passed last year. I understand that things may not have gone the way they were supposed to last time. I cannot see the fiscal note, but I wanted to say that I do think the voters should have a choice to see what type of funding streams could be used. It is their money, why not. I support your bill.

**Assemblywoman Benitez-Thompson:**

If I am reading this correctly, the fiscal note is coming out of section 2, subsection 6, line 29. The members of the Legislature who are on this

commission are entitled to a per diem. I am wondering if you would reconsider the per diem allowance, instead of dropping the whole bill.

**Assemblyman Atkinson:**

I am not going to drop the whole bill. We will take that section out. That is what was taken out last time. I am not sure why that is still in there. I think LCB printed the original bill for you, and it should not have. It should have been the bill that came out of the Senate last year.

**Assemblywoman Benitez-Thompson:**

I was just clarifying. I am looking at the fiscal note and it says travel/per diem \$3,000; operating expenses \$170; postage \$170; and printing and copying \$520. So, I am pretty sure that is the fiscal note.

**Assemblyman Atkinson:**

Yes, that is it. All members should serve for free, and legislators too.

**Chair Dondero Loop:**

Are there any other questions from the Committee? [There were none.] Thank you, Assemblyman Atkinson, for your testimony. Next we will hear testimony from those in support of A.B. 152.

**Jeanette K. Belz, representing Nevada Chapter Associated General Contractors of America; and Nevada Highway Users Coalition:**

I have been working on transportation issues for about ten years now. There is a lot of great information here today. We have attempted over the years to use the Legislature to approve gas tax increase proposals, and that has not happened. We formed the Nevada Highway Users Coalition years ago to try to highlight and educate legislators about the need for highway funding. In our state, the Motor Vehicle Fuel Tax has not been increased since it was approved in 1991 and made effective in 1992. The registration fee on your vehicle registration is \$33, and that is the only part that goes into the State Highway Fund, and these figures have been the same for a very long time.

It is not up to me to get into the mechanics of how the Legislature wants to move a discussion about highway funding, but I think it is very important to do particularly because of the long lead times it takes to get projects funded, rolled out, and actually have a car drive on them. It is a very long time, eight to ten years. We had to have talked eight to ten years ago to be able to drive on a road now. We cannot hold off much longer. Our State Highway Fund is not keeping up. Assemblyman Atkinson has been a strong proponent for a long time, and we appreciate his leadership in that regard. We support anything that

will help educate the public about what the need is, what the shortfall is, and what the alternatives are in order to be able to meet the need. We support this bill.

**Chair Dondero Loop:**

Are there any questions from the Committee? [There were none.]  
Mr. Dornsife, please come to the table.

**Chad Dornsife, Executive Director, Best Highway Safety Practices Institute:**

I am speaking for the National Motorists Association. I remember the Legislature in 1991 when we were looking at transportation issues. Nevada's funding of its highways traditionally has been a bridge state, in other words most of our infrastructure was built to benefit the nation because we had a small population back then, and the transportation corridors were critical to the nation. Every dollar we sent to the federal government in the 1990s we got back; it was an incremental increase in funding for every dollar we put in. Our tax rate in 1991 was based on a return greater than we were collecting. Each year the amount we have been given back has reduced.

A couple days ago I received an email; I have not been able to confirm it though. It said that the new budget will not only change the U.S. Highway Trust Fund to a transportation trust fund, but it will now only allocate 60 cents on the dollar to roadways. They are going to start building bike trails, roads, and mass transit—and the mass transit thing is insane because I do not know of a single mass transit in the country that is self-sufficient in its operating budget, forget the infrastructure and cost. We have a problem with income and funds, yet we are expanding things that cannot be supported by their own operation income, so that means the expansion is a further burden on the taxpayers. I would be very surprised if we are getting back even a percentage of the dollars we are sending in. When you have something like an oil shock, as we just had, the price of the gas goes up exponentially. That cuts down the amount of gallons of gasoline people are buying. We end up with lower revenues and fewer people traveling, resulting in a big deficit.

I would promote this: I think Nevada needs to take charge of its own destiny and its transportation. I am in favor of this bill, but I would argue something needs to be done sooner because we are in trouble. If in fact this new bill tells us how much money is coming back, we are not even going to be funded for the existing programs we have. If we had a use tax, instead of a tax based on a percentage, when we have these oil shocks, the fund would be proportionate to the amount of money we are bringing in, and it would balance out. I would advocate creating a Nevada Highway Trust Fund that funds all of these different

programs and looks at our infrastructure, our needs, and our maintenance and creates our own program for funding. We should take federal funds where we can, but I do not think we can rely on them anymore, period. The way things are going right now, the federal government is not going to be a good partner in the future.

We just finished working on a program for United Parcel Service (UPS). We did fleet analytics and routing; this type of electronic routing is saving 10 to 15 percent on operating cost right off the top. That is 10 to 15 percent less fuel bought. On the other side, we are working on new programs to increase the aerodynamics of vehicles, which is another ten percent. The program is real, and it is going to happen. I would say whatever program you create has got to be flexible to meet the needs of our state. It cannot be a fixed number; you have got to decide how much you need to operate reasonably and then fund it. We need to find ways to fund it, and we have to start sooner rather than later.

It is just like people talking about electric vehicles. Electric vehicles are using 300 gallons of water a mile. Right now, I do not really think there are enough electric vehicles to make a difference. That is how much water it takes to generate the electricity to power the electric car. That is not good. If it is not coming from the Hoover Dam, then it is coming from coal. How many tons of coal do you get per mile? Driving through Washoe Valley, I was thinking if I owned an electric car, a windmill would get me a long way. We have the sun as well, but the tax per mile and logging where everybody drives is ill-advised because most of our visitors come from out of state. Our transportation plans should be based on consumption and a percentage of consumption and those people who travel through our state would pay a percentage or portion to what they are using. I think that would be the best thing. This is good to go forward say in 2012. I am just thinking we need to act sooner because we are running into serious problems already.

**Chair Dondero Loop:**

Thank you, sir. Are there any questions from the Committee? [There were none.] Is there anyone else wishing to testify for A.B. 152? [There was no one.] Is there anyone against the bill? [There was no one.] Is there anyone neutral?

**Paul J. Enos, Chief Executive Officer, Nevada Motor Transport Association:**

We are neutral on this bill. It is not because we do not like the idea of talking about highway funding. We think it is something we have needed to talk about for a long time. In 2006, I served on the Blue Ribbon Task Force that Governor Guinn created to look at various options for funding our roads and

highways. At that time, there was a \$3 billion shortfall in our highway funding. Assemblyman Atkinson mentioned the Washoe County Schools Construction and Revitalization Advisory Committee and how that failed. That is something I have a concern about. Transportation is something I live and breathe everyday, but I do understand it is not as attractive as schools. I worry about putting something like this on the ballot, especially when these are complicated and nuanced issues that we are talking about. Sales tax versus excise tax is a very complex issue to explain to a voter.

When we talk about administrative costs, how much money do we get back for every dollar on x tax? I believe the fuel tax we have is the best way to get revenue to our highways. Administrative costs are between 3 and 3.5 cents for every dollar we collect on the Motor Vehicle Fuel Tax. For every dollar that we collect, between 97 and 96.5 cents goes to the roads and to agencies operated by the State Highway Fund. I do not know if you can find another tax that has that low of an administrative cost.

I understand in the bill it reads "may" and not "shall." You do not have to put it to the public, but I worry that some of these nuances and some of these rather heady issues that we are going to be talking about, that are not easy to explain in a sound bite, may get lost on the public. I like the idea of a committee, especially one with the legislators who are making these decisions. These ideas can be fully vetted where you can and you do understand the difference between a sales tax and an excise tax. We can talk about administrative costs, where we should be putting our revenue to roads, and where it should come from. I think that everybody on this Committee should become an expert on highway funding and on transportation in general. You can understand things that I get tired of talking about and explaining like the International Registration Plan for trucks or the International Fuel Tax Agreement and all those fun things. I know for you as legislators, it takes a little while to understand, and I know for the public, it is a very difficult thing to put into "doggy, kitty, bunny" terms.

When we talk about trying to explain some of these things in an election or on a ballot, I worry that, as in the case of the Washoe County Schools Construction and Revitalization Advisory Committee, it may fail. And transportation not being as attractive as education, it may have a chilling effect on what we do in the Legislature. I may come to a group of former legislators and be talking about highway funding, increasing our revenue to roads, the needs for an Interstate 11, and that these are good things that are going to help our economy and help our state grow. People will say that the voters voted against that. I do worry that if this is something we do put on the ballot, it could have a horrible impact.



I hope that we can address this problem now, and I hope we can work with the Legislature and come up with a broad-based, sensible plan to fund our infrastructure and our highways. Hopefully that will help us in our economic development and economic diversification efforts. I think trucking is absolutely a part of that; I think roads are a part of that, and we need infrastructure in order to develop our economy. While I do want to applaud Assemblyman Atkinson for bringing this forward and having this dialogue, I do have a concern about putting this to the public voters.

**Chair Dondero Loop:**

Thank you very much. Are there any questions for Mr. Enos?

**Assemblyman Sherwood:**

Is there something we can do right now by way of introduction of committees? Or maybe there is already something on the books. As Senator Reid said, "Let's have an adult conversation" about transportation and not hide behind a committee. I think this is the time to do it. Throw it all out there and say if we did one-eighth tax and we built it with nonprevailing wages, this is our plan. Let us not wait until June 1 to come up with something, and then transportation gets punted again.

**Chair Dondero Loop:**

The Committee can ask questions, and we can have a discussion. We will not be voting today.

**Assemblyman Brooks:**

I get concerned when we begin to question the intelligence of the voters; they put me in office. We think too much of ourselves when we say that we are afraid to put something on the ballot. I think by giving this to the voters, we are giving it a fighting chance and at least having legislation that is available for an open discussion. That moves us forward in the right direction. I realize you are not opposing the legislation, but I want to ask a question. Is there anything else or any other ideas you have to try and put on agenda like this that are better than what is being proposed here today? If so, is there a bill that is going to come before us that we can address? Because if not, I would imagine that you would want to support something like this.

**Paul Enos:**

As we move forward, I do not know if there is going to be a bill that talks about transportation funding. I have always wondered myself why fuel tax is that third rail in politics? It is kind of like talking about social security entitlements on a federal level. It is something that we really have not done since 1991. I can understand when there are fluctuations in the gas tax; a year ago you

might be paying \$2 a gallon and today you are paying \$3.60. That is something that makes people nervous about voting in favor of an issue like that. Fuel tax is an easy thing to talk about. What makes me nervous is when we talk about toll roads, public-private partnerships, or vehicle miles traveled and talk about those things in the context of an election. It is hard to get all the facts out to the public. It is expensive to educate the public. A lot of the public does not have time for education.

The neat thing about the legislative process, and what I love about being a lobbyist, is that I have an opportunity to talk to the people who are going to press a red button or a green button on an issue. I get to let them know how I feel about a bill, and we get to talk about what the real-world impacts are going to be. Hopefully we can avoid any of those unintended consequences in a legislative process because it is fully vetted. We have public meetings, and we have a dialogue. To me, that is what the legislative process is about: our leaders making decisions. The voters put you in here to make those decisions that are going to impact all of us, and I am not questioning the intelligence of the voters, but I am questioning the time and the interest.

I know there are a lot of issues that are important to me, and I may not be interested in them. I might have a child I need to take to swimming lessons or a dog that I have to take to the vet, and to fully understand the ramifications of my vote, I would have to take the time to get educated. I might not have the time or the interest to do it, and I can just go vote no, no, no, no, no. I think that happens a lot on ballot questions. If people do not understand something, they vote no on it: if it is a tax, if they think it is going to affect them in some negative way, and if they are really not thinking to the future and thinking of what those positive things are going to be. They are not thinking about what an Interstate 11 could mean. If they are not thinking about that at the voting box and they check "no", I worry about the impact on you and the decisions you make.

**Chair Dondero Loop:**

Thank you, Mr. Enos. Are there any other questions?

**Assemblyman Kirner:**

Just to be clear, you are supportive of the committee, but you want the committee to come back to the Legislature with recommendations. Correct?

**Paul Enos:**

I think that would be a much better place to vet these issues and talk about it, and I would even be supportive of doing something prior to 2012.

**Chair Dondero Loop:**

Are there any other questions?

**Assemblyman Atkinson:**

I agree with Assemblyman Brooks, we should not question the intelligence of the voters because every last one of us is here for a reason, and we all got elected. I think it is admirable that Mr. Enos gets to participate in this process, but normally our constituents do not get to do that. If you look at the monitor of the Grant Sawyer State Office Building down south, that room is empty and that is typically the way that room is. Our constituents rely on us to make certain decisions for them. It is good that he is able to be a lobbyist and be here and participate, but our constituents do not do that on a daily basis.

Assemblyman Sherwood suggested that we continue to have this discussion as far as doing something that will be effective today, some funding that we could do, which indicates to me that he would support funding and taxes. If we can come up with something meaningful this session that is going to put transportation dollars back into NDOT, the State Highway Fund, et cetera, this bill can go away. I do not have a problem with that, but this discussion comes up every session, and we do not end up doing anything about transportation. If we do not have transportation dollars at the end of this, then we are nowhere as we have been in the past. In lieu of those dollars, we need something in place in case that does not happen. Certainly, I will work with Assemblyman Sherwood to make sure that happens.

My last point, Assemblywoman Benitez-Thompson mentioned the fiscal note. I found the section she was talking about and she was absolutely correct. Section 2, subsection 6, line 28 reads: "except that while engaged in the business of the advisory committee, each member is entitled to. . . ." That was actually removed in the final bill last time, and that is what created the fiscal note. Before this bill is brought back to committee, I would ask the Chairwoman if she does plan on entertaining it in a work session if that section is removed and we clarify with Legal that removing that section would take out the fiscal note. Before this bill comes back to work session, that language needs to be removed like before. I will volunteer that if the bill is passed, I will serve on the advisory committee for free.

**Chair Dondero Loop:**

Thank you, I agree with the overview of the voters. Thank you very much for everyone's questions, testimony, and support. We will hold this bill for a future work session, and we will get some of the concerns ironed out. Next we are going to hear a presentation from the Southwest Energy Efficiency

Project (SWEEP) regarding the Nevada Transportation Blueprint. They are presenting from Las Vegas.

**Monica Brett, Nevada Program Associate, Southwest Energy Efficiency Project:**

I have to leave to go to the airport, but you will be in capable hands with my Transportation Analyst, Mike Salisbury. Southwest Energy Efficiency Project is funded by private sector foundations like the William and Flora Hewlett Foundation, the Energy Foundation, as well as the U.S. Department of Energy. It is both a public efficacy organization and a think tank. We collect and analyze data to provide the public with information on the benefits of energy efficiency in six states.

In Nevada, our aim is to promote energy efficiency that is fiscally responsible and market-driven. The reason we are here today is to present to you the results of a study we did on transportation for Nevada. A few years ago, we did a transportation blueprint for Colorado, and when we discussed what state to do next, I literally yelled "Nevada." As you all know, our transportation influence is major with Interstate 80 in the north and Interstate 15 in the south. If one of those interstates closed, the economic damage would be widespread. However, our potential, as you have heard today, for creating a model transportation infrastructure is still huge and as we said mission critical.

**Mike Salisbury, Transportation Program Associate, Southwest Energy Efficiency Project:**

The goal of this blueprint was to try and identify the strategies that the state of Nevada could adopt or implement to help improve the energy efficiency of the transportation sector. With that in mind, we did a lot of work and analysis to look at all these different strategies; in this report there are 15 different strategies. They will help improve energy efficiency of Nevada's transportation system. They will also help the state's economy by reducing fuel consumption, the amount of money people are spending on fuel, and the amount of fuel the state of Nevada needs to import.

As you know, Nevada is reliant on importing almost all of its transportation fuel from out of state and out of country. This essentially means that almost the entirety of every dollar that Nevadans spend on gasoline, diesel, and aviation fuel is leaving the state economy. This creates a significant drain on the state economy and, at the same time, makes the state very vulnerable to fluctuations in fuel prices, as we are currently seeing.

The graph titled "Rising Gasoline Prices" ([Exhibit F](#)) is showing the trend in gas prices. On the far left-hand side, starting in early 2008, the solid line is historical prices, and the dotted line is the projection, from about a month ago,

of gasoline prices. You can see the prices have increased significantly in the last six months, and this data is about a month old and is already out-of-date. The fuel prices have gone up significantly. It is about \$3.30 or \$3.40 for a gallon of gasoline; on the chart it shows just over \$3.00 a gallon. All of this information about fuel prices is coming from the Energy Information Administration (EIA) of the United States Department of Energy. They provide a whole bunch of information on fuel prices, energy costs, and projections of what is to happen in the future. They provided a forecast just a year ago which is represented in the graph with the triangles and squares. The squares represent what the EIA forecasted a year ago, what they thought the reference fuel price would be for gasoline in 2011 and 2012. The squares refer to the reference case, which is saying things will stay normal; there will be no major change in the world oil markets. The triangles are what they refer to as a high price case. The high price case is the worst case. It means there are major or new demands for oil and changes in the world oil market: more demand, less supply. This is what they expected to see with the price of gasoline over the next two years. As you can clearly see, the price of gasoline that we are at today is already above the price they expected for 2012 in the high price scenario.

I want to emphasize that it looks like we are in a high price scenario overall. You will see throughout this presentation ([Exhibit F](#)) and throughout the blueprint ([Exhibit G](#)), we refer to a range of fuel costs or fuel savings, and that is based on the difference between the reference case and the high price case. The original forecast for the reference case by 2020 shows gasoline would be over \$3.20 per gallon. You can see that we have already reached that point, so I think we can fairly assume that we are currently on the path of projections for 2020. We might reach the high end of the projection for 2020, which is near \$5.00 per gallon of gasoline.

What does that mean for Nevada's economy? Today, about 3 percent of the state's gross state product is devoted to gasoline and diesel expenditures. In the high price case, we estimate that will more than double by 2020 to over 7 percent of the state's economy on fuel expenditures. This is all money that is almost entirely leaving the state economy.

You can see the same trend in average household expenditures. The average household in Nevada in 2010 spent about \$2,000 annually on fuel cost. By 2020, we expect that to increase significantly to around \$5,000 annually. That increase will put a strain on household budgets. People will have to cut back in other areas. More of their disposable income will be put towards powering and driving their vehicles.

Cumulatively, what that means for the State of Nevada is that the fuel expenditures between 2012 and 2020 are expected to be between \$50 billion and \$70 billion. Between 2012 and 2050, it is expected to be between \$325 billion and \$449 billion. That shows the significant amount of money that is going to be spent in the state's economy over the next 10 and 40 years on gasoline and diesel, which is money that is leaving the state economy.

Our goal with this blueprint was to try and limit the amount of money leaving the state. We want to reduce the impact and the amount of money statewide that is going to be spent on fuel costs. These strategies will reduce fuel consumption, fuel cost, and fuel imports. There are several different strategies we looked at that would reduce vehicle miles traveled; strategies that might encourage people to drive less, which might improve infrastructure for alternative modes like transit, pedestrian cycling, telecommuting, and carpooling. Other strategies would send a price signal to encourage people to use alternative modes of transit. We looked at what we could do to improve fuel efficiency in new vehicles, a statewide cash-for-clunkers program, and the potential for electrification of light- and heavy-duty vehicles. We looked at what kind of strategies we could implement to improve the efficiency of the vehicles that are on roads today. We tried to design these strategies so that there would be minimal to no impact on the state budget. We think they have little to no fiscal note, or they would have self-funding mechanisms built in, so they would not require new outlays by the state government.

The chart titled "Gasoline and Diesel Consumption and Savings from Blueprint Strategies" ([Exhibit F](#)) shows, in general, where the state is headed as far as fuel consumption. By 2012, it is estimated that the state is going to consume about 40 million barrels of oil a year. That is rising, so we predict 70 million barrels of oil by 2050. By implementing the strategies we analyzed in the blueprint, we estimate by 2020 the state could save about 45 million barrels of oil, which is the equivalent to about one year of fuel use. By 2050, the state could save cumulatively over 600 million barrels of oil by implementation of these strategies. To put that into perspective, that is the equivalent to the fuel consumption between 2012 and 2025 in the state of Nevada. That is 13 years of fuel consumption that these strategies could essentially eliminate.

How do those barrels of oil translate into dollars? By implementation of these strategies, between 2012 and 2020 cumulatively the state could save between \$4.4 billion and \$6.6 billion and by 2050, between \$38.2 billion and \$57 billion. All that money saved would be money that is remaining in the state economy.

The same trend goes for the households. By 2020, we estimate the average household would reduce its average fuel expenditure by between \$600 and \$900, and by 2050, the annual fuel expenditures could be reduced by between \$1,200 and \$1,500.

I really want to highlight one economic benefit. As the state is able to reduce how much it spends on fuel and how much fuel it imports, you are increasing the amount of money staying in the state of Nevada, which reduces the fuel coming in and the money going out. This has a pretty strong multiplier in the state's economy. All the money that is no longer leaving the state economy will most likely be spent on food, entertainment, housing, and other kinds of services that are much more inclined to remain in the state economy and help create jobs. We estimate by 2020 the fuel savings expenditures will generate over 2,000 new jobs in Nevada, and by 2050, it will generate over 7,000 new jobs in Nevada. There are also some very significant environmental benefits with implementing these strategies. We talked a lot today about air quality issues. These strategies would help reduce the ozone precursor emissions in the metro regions, Clark County and Washoe County, which are facing possible problems with nonattainment status. Implementation of these strategies would be expected to reduce carbon dioxide emissions by 30 percent.

I want to very briefly highlight two of the proposals we have in the blueprint that we think might be appropriate by action of the Legislature. The first one is looking at updating the statewide driving education curriculum to focus on strategies and education. Driving and vehicle maintenance techniques would improve the fuel economy and fuel efficiency of existing vehicles. These are things like teaching people nonaggressive driving techniques: do not accelerate into a red light, do not accelerate as hard as you can as soon as the light turns green, and leave adequate space between vehicles on the interstate. Also vehicle maintenance techniques: teaching people how to properly inflate their tires, and inform people that removing their ski rack or their bike rack when it is not in use would increase their fuel savings. We estimate that someone who went through this kind of program and adopted all these techniques could actually improve the fuel efficiency of their current vehicle by up to 17 percent, which is going to save the average driver about \$200 annually. This is the kind of strategy that could actually have an impact almost immediately as opposed to waiting for people to purchase new vehicles or for new infrastructure to be developed. Research has shown that people who practice things such as nonaggressive driving actually have much lower accident rates. It is much safer and a public safety improvement to have people in our state who have this kind of driving education.

I also want to touch on looking at encouraging local governments to start addressing things like zoning and permitting for electric vehicle infrastructure. Electric vehicles and their charging infrastructure are very new technologies and a lot of local governments have codes and permits that do not take into account this new technology. For example, if I went out today and bought a new Nissan Leaf and wanted to install a fast-charging station in my garage, my local government might not have a process for me to go through that is straightforward. Nevada should look at a way to simplify and streamline permitting and zoning for these new technologies. People who are interested in adopting these new technologies do not want to go through three-week or month long waits to get approval for those kinds of things. We think regional transportation commissions, the state governments, and other stakeholders can work to develop model ordinances and regulations that the local governments could then implement. We just had a meeting yesterday in Las Vegas of the Nevada Electric Vehicle Infrastructure Readiness Task Force. It is a group of stakeholders from across the state trying to address some of these issues. These new technologies are being looked at already in some venues.

One other great advantage of talking about electrification of light-duty vehicles is it really offers the state the opportunity to change the paradigm of how our transportation system is powered. Currently, we are importing all the oil into the state to power our transportation system. Electrifying the fleet allows us to shift transportation being powered by out-of-state oil to being powered by things like solar power and geothermal power. Fortunately, they are abundantly available in the state of Nevada, and it means that we are producing both clean and local energy for our transportation sector. I want to thank the Committee for giving me the time to present the findings today. I hope you will have a chance to look through the report ([Exhibit G](#)) in more detail. There is a lot of good information in there, and I look forward to any questions the Committee may have.

**Chair Dondero Loop:**

Thank you kindly for your time. Are there any questions from the Committee?

**Assemblyman Hambrick:**

I have a comment on one of the last slides about the electrification of the light-duty fleet. We had a witness on a previous bill tell us that it took 300 gallons of water to provide electricity for an electrified vehicle. In Nevada, that is a particular problem especially in the south. Anytime you talk about water in this state, you have to be very cautious; it is a very precious resource.



**Chair Dondero Loop:**

Thank you. Are there any other questions from the Committee? [There were none.] Is there any public comment here or in Las Vegas? [There was none.] This concludes our meeting for the day, thank you. We are adjourned [at 5:09 p.m.].

RESPECTFULLY SUBMITTED:

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Jordan Neubauer  
Committee Secretary

APPROVED BY:

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Assemblywoman Marilyn Dondero Loop, Chair

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

**EXHIBITS**

**Committee Name:** Committee on Transportation

**Date:** February 24, 2011

**Time of Meeting:** 3:18 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Sign-in Sheet
A.B. 2	C	Assemblywoman Marilyn Kirkpatrick, Clark County Assembly District No. 1	PowerPoint
A.B. 2	D	Assemblywoman Marilyn Kirkpatrick, Clark County Assembly District No. 1	Amendment for A.B. 2
A.B. 152	E	Assemblyman Kelvin Atkinson, Clark County Assembly District No. 17	Written testimony
	F	Mike Salisbury, Transportation Program Associate, Southwest Energy Efficiency Project	PowerPoint
	G	Mike Salisbury, Transportation Program Associate, Southwest Energy Efficiency Project	Spiral-bound handout