

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

**Seventy-Seventh Session
May 9, 2013**

The Committee on Natural Resources, Agriculture, and Mining was called to order by Chair Skip Daly at 1:13 p.m. on Thursday, May 9, 2013, in Room 3161 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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 nelis.leg.state.nv.us/77th2013. 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:

Assemblyman Skip Daly, Chair
Assemblyman Paul Aizley, Vice Chair
Assemblyman Paul Anderson
Assemblyman Richard Carrillo
Assemblywoman Lesley E. Cohen
Assemblyman John Ellison
Assemblyman Ira Hansen
Assemblyman James W. Healey
Assemblyman Pete Livermore
Assemblywoman Heidi Swank
Assemblyman Tyrone Thompson
Assemblyman Jim Wheeler

COMMITTEE MEMBERS ABSENT:

None



GUEST LEGISLATORS PRESENT:

Senator David R. Parks, Clark County Senatorial District No. 7

STAFF MEMBERS PRESENT:

Amelie Welden, Committee Policy Analyst
Randy Stephenson, Committee Counsel
Cheryl Williams, Recording Secretary
Ashlynd Baker, Committee Assistant

OTHERS PRESENT:

Dennis Ransel, Planning Manager, Clark County Department of Air Quality Management
Daniel Inouye, Acting Director, Air Quality Management Division, Washoe County Health District
Michael Hillerby, representing Honda North America Inc.
Alfredo Alonso, representing the Alliance of Automobile Manufacturers
Sean T. Higgins, representing Afton Chemical Corporation; and Bio Diesel of Las Vegas, Inc.
John Sande III, representing Western States Petroleum Association
Paul J. Enos, representing Nevada Trucking Association
Wayne Seidel, Administrator, Motor Carrier Division, Department of Motor Vehicles
Dawn Lietz, Supervising Auditor III, Audit Section, Motor Carrier Division, Department of Motor Vehicles

Chair Daly:

[Roll was called. Rules and protocol were explained.] We are going to start with Senate Bill 148 (1st Reprint) today. I will open the hearing and welcome Senator Parks.

Senate Bill 148 (1st Reprint): Revises provisions governing the Pollution Control Account. (BDR 40-448)

Senator David R. Parks, Clark County Senatorial District No. 7:

Today, I am presenting Senate Bill 148 (1st Reprint) which relates to air pollution. This bill revises the requirements for the use of money in the Pollution Control Account by eliminating the program of grants to local governments derived from funds received in the account in excess of \$1 million. Instead, this excess money should be distributed directly on an annual basis to local air pollution control agencies in nonattainment or maintenance areas in an

amount proportionate to the number of forms distributed to emissions testing stations. With previously awarded grants, the excess money must be used for programs related to the improvement of air quality. That is a summary of what the bill does.

To explain more simply, a portion of the pollution smog tests that are done go into a Pollution Control Account for use to mitigate pollution problems. It only applies to Washoe and Clark Counties. The system was set up to provide a certain amount of money up front, and if there was excess money, it would determine how that money would be allocated back to the county from which it was generated.

In the long run, it amounts to a lot of reports and additional staff time, both from Clark County Air Pollution Control, as well as Washoe County, and even at the Department of Motor Vehicles (DMV) level. This bill simply proposes to do away with going through handling of excess funds and providing the funds they normally get, as well as the excess funds, to the respective agencies. This bill will reduce the need for staff to produce reports that nobody reads and simplify the entire process.

Chair Daly:

Are there any questions from the Committee? [There were none.] When I read the bill, it seems like a lot of words to get to the point, which is that the county of origin of this smog fee and the portion they get, stays in that county.

Senator Parks:

That is correct.

Chair Daly:

That is what it says in the bill, although it takes several pages to do so. You should have brought a bill that says: "We need to do these smog checks in all counties." Did I read the bill right?

Senator Parks:

Yes. It just simplifies the entire process.

Chair Daly:

Thank you. At this time, we will hear testimony in support of S.B. 148 (R1).

Dennis Ransel, Planning Manager, Clark County Department of Air Quality Management:

I am here in support of S.B. 148 (R1) as amended. We testified in support during the Senate hearing. I think Senator Parks did a fine job in describing

what this bill is intended to do and hopefully will accomplish. This bill saves us a great deal of time and will simplify the process for us to return the funds back to Clark County that are currently being returned through a complicated grant process. We are proud to support the bill and applaud Senator Parks.

Daniel Inouye, Acting Director, Air Quality Management Division, Washoe County Health District:

I am here to reaffirm the Washoe County Health District's position of strongly supporting S.B. 148 (R1), including the amendment. Testimony provided to the Senate Committee on Natural Resources on March 13, 2013, details the Health District's support of this bill. Senate Bill 148 (R1) is a responsible approach to streamlining the administrative requirements of the Pollution Control Account.

Chair Daly:

So, Washoe and Clark Counties are going to get the same amount of money that they got before? There is no middleman report in order to process and churn the money before you get it back, correct?

Daniel Inouye:

It will be the same proportion that we have used in the past.

Chair Daly:

Is there anyone else in support? [There was no one.] We will now hear testimony in opposition of S.B. 148 (R1). [There was none.] Is there any testimony in the neutral position? [There was none.] I will close the hearing on S.B. 148 (R1). I will now open the hearing on Senate Bill 433 (1st Reprint).

Senate Bill 433 (1st Reprint): Revises provisions governing motor vehicle fuel. (BDR 51-1101)

Michael Hillerby, representing Honda North America Inc.:

We are here in support of Senate Bill 433 (1st Reprint). This bill requires that if a distributor of fuel—gasoline for automobiles—in Nevada would like to use the additive methylcyclopentadienyl manganese tricarbonyl (MMT), they would have to provide a label to the store where that fuel would be pumped. The label would inform consumers that MMT may be in the gasoline and to consult their owner's manual.

The bill provides direction to the State Department of Agriculture about adopting regulations implementing the label. This is the result of a considerable amount of work and compromise from the original version of the bill which was a ban on the use of MMT. We have worked with the manufacturer represented by

Mr. Higgins, and we believe they are also in support of the bill. We have submitted a handful of letters ([Exhibit C](#)) from the Alliance of Automobile Manufacturers and Global Automakers International Council on Clean Transportation. We have also submitted excerpts from the Worldwide Fuel Charter ([Exhibit D](#)), which shows some of the effects of using fuel with MMT in automobiles. It is somewhat less voluminous than what we presented to the Senate. We tried to limit the amount of documents you had to look at on this subject. We would be happy to answer questions on the labeling requirement and where it would be impacted on MMT.

Chair Daly:

Are there any questions from the Committee?

Assemblyman Ellison:

We had this bill in front of us last session. The reason that bill was killed was because the manufacturers would not warrant the engines if MMT was in there. Is that true?

Michael Hillerby:

The bill died in the last hour of the Senate floor session in 2011. A similar labeling bill originated in this Committee last session, passed out of the Assembly and Senate, then was openly not voted on during the Senate floor session. The issue of warranty is one we have not always agreed on with the manufacturer of the chemical. From the automobile maker's point of view, if you look at the federal regulations, we cannot void a warranty on an approved fuel unless we have given the automobile owner instructions in their manual to the contrary. That is what nearly every automobile manufacturer does. We also submitted some sample owner's manual language ([Exhibit E](#)) from a variety of manufacturers.

As far as I know, that was not the reason; it was a timing issue on the Senate side. It was not brought to a vote in those last couple of hours, and not specifically because of the warranty. That is one of the areas of contention between those of us, including Mr. Alonso representing the automobile manufacturers, and the manufacturer of the additive.

Alfredo Alonso, representing the Alliance of Automobile Manufacturers:

I am sure I would have echoed the comments of Mr. Hillerby had I heard them. Since we have been dealing with this issue for many years, I have a pretty good idea of what he told you folks. I believe what the bill contains now is very similar to what was passed out of this Committee last session. It is a good compromise and I think all parties can live with it. I think our feeling on this is the thought that this obviously damages our vehicles. It is a consumer

protection issue, and at the very least, if we are labeling the pumps and letting our customers know that this additive is in the fuel, I think we allow the car owners to be aware.

Assemblyman Wheeler:

After being in the high-performance automobile business most of my life, I have seen the effects of some of the octane boosters and where they coat rings or valves. Are there any long-term studies that have shown any effects of MMT on the rings or valves?

Michael Hillerby:

I cannot speak specifically to the rings and valves. The studies that have been done by automobile manufacturers in the United States and Canada have looked broadly at engine components, particularly emission components. The regulations and history with United States Environmental Protection Agency (EPA) most recently dates back to the mid-1990s. Since then, we have had the low emission vehicles and the ultra-low emission vehicles with higher and higher performance catalytic converters with a smaller grid on the catalyst. We have seen degradation of those and failure of the catalyst. You will see grime on spark plugs, oxygen sensors, and other engine components because when you are burning metal and fuel, it becomes an oxide and coats those parts. There have been studies on that. We can certainly bring up a fair amount of scientific literature from both sides of that, but there are enough manufacturers who feel quite strongly that some consumer awareness is appropriate.

Assemblyman Wheeler:

If you can get me one of those studies, I would like to see it.

Michael Hillerby:

I will get the full study if you would like. There are some excerpts in the handout we provided ([Exhibit D](#)) on the Worldwide Fuel Charter that show some specific mileage intervals. We will find some other studies and get those to you.

Alfredo Alonso:

The Automobile Alliance actually completed a study using many of Canada's experiences. It is about 500 pages and that is why we did not include it, but I would be happy to get you a copy of it.

Assemblyman Hansen:

We hashed this out during the last go-around and all this bill does is require the Department of Agriculture to have a 4- by 4-inch sign with a warning about

MMT and that you might need to consult your manual. Is that all what it boils down to at this point?

Michael Hillerby:

Yes.

Assemblyman Livermore:

To continue on with the comments made by my associate from Sparks, I think the sticker is just a warning. If you do not have the sticker, you could not sell the product. If you sell the product, you have to have the sticker. I do not recall from last session, how we were going to verify that?

Michael Hillerby:

If the bill were to pass in statute, the requirement would be if anyone wanted to offer fuel for sale in the state of Nevada that contained MMT, they would need to affix the label on the pump that the customer uses.

Under *Nevada Revised Statutes* (NRS) Chapter 590, the general regulation by the sealer of weights and measures from the Department of Agriculture provides that if any fuel is mislabeled they can come in and inspect, at any point, and do tests on the fuel that is mislabeled. They can take corrective action up to and including sealing that pump so that it can no longer be used until the dealer comes into compliance with the signage regulation.

Assemblyman Livermore:

So, that process has not changed?

Michael Hillerby:

No, sir, it has not.

Chair Daly:

I talked to both of you about this. We are asking to put a label on the pump because it is possible that the octane booster, or MMT in this case, may have an adverse effect on some cars, which would be noticed to the consumer in their owner's manual; but, if there is no notice on the pump, they would not know if they were putting it in there. Is that correct?

There is prohibition against having the MMT in California based on their blend. Most of the fuel in Nevada comes from California, so it has the blend and does not have the MMT. Sometimes people coming in from the eastern part of the state, depending on supplies and shipping, may have it. So, what happens when a person mixes the two fuels, because you are not supposed to? You said it is obvious that it causes damage, but also, a manufacturer cannot void a

warranty for any fuel approved by the EPA. If the fuel is for sale in the United States, you cannot void your warranty, but then you have this notice in your owner's manual and that is why we are searching for the notice on the fuel pump. I just want to be clear, when does a person's warranty get voided? If they were noticed at the pump, but it is legal fuel sold in the United States, how can we void the warranty?

To me, it is almost an answer in search of a problem. I am not saying that it is bad, that the bill is not worthy, and that more notice is not better. What is a guy supposed to do if he is in Elko, it is late at night, there are only two gas stations open, and they both got their fuel that month from Utah? Is he going to put that stuff in his car?

Michael Hillerby:

I will do my best to answer those questions. Specific to the comment about the voiding of warranty, the federal regulation provides that we cannot void a warranty for any legally used fuel unless you have provided guidance in the owner's manual to the owner about not using specific fuel. For example, if you drive a car that requires higher-octane fuel, that is in your owner's manual, and is likely on the inside of the door where your gas cap is to tell you that you need to use that kind of fuel for your vehicle. If you take that back to your dealer and say "I am not happy with the vehicle's performance," and they ask you what type of fuel you are using and say they cannot help you with your performance issues because you are not using the recommended fuel, then you are out of luck.

We believe that this causes damage over longer periods of time. To use MMT, they are certainly not going to see it in one tank; it is over more longitudinal studies. Second, we have the right to deny a warranty claim on emission control systems and other engine components because of the regular use of this fuel. There is very little evidence of widespread use in the United States. I will let Mr. Alonso talk to that because his client, Global Automakers, does the fuel study. We do not find that it is widely used because Nevada and the State Board of Agriculture, through a regulatory process, lifted the long-term ban of the fuel here in Nevada. Because the manufacturer has specifically said that we would like to potentially introduce it here, and some of the distributors of petroleum products have said any area where it is allowed—and you have alluded to the rural areas—we thought it would be appropriate to pursue because this state has been specifically singled out as a place where they would like to introduce this additive.

As an owner of a gas station, you would decide whether or not you wanted this particular additive used as the octane booster or oxygen aid in your fuel. It is

not shipped long distances through pipelines because it is corrosive and causes damage to pipelines, so it tends to be blended at the tank farm and brought out to the gas stations. Those gas station owners can decide whether or not they want it. There was previous testimony to that in the Senate. The feedback from consumers may prompt the gas station owner to say that his customers are not worried about it and he has decided to continue to use that as an option rather than ethanol, which is the most common octane booster; or, he may decide that he had enough feedback from customers and would prefer to not use MMT. This way, at least the customers have knowledge that it is in the gas and has the ability to make that decision when they are at the pump.

Alfredo Alonso:

Again, I think the concern that everyone has, with respect to a few, because it was banned for so many years, is really, do we know if it is coming into the state or not, do we know where it is going, and do we ultimately protect the consumer since we know there is a pretty good chance that this could be corrosive to your vehicle?

As the dealers have indicated over the years, and at the Board of Agriculture level, the problem is our dealers are the first line. Essentially what happens is if you have a problem with your vehicle, the dealer has to deal with it. If it is an ongoing problem and you do not know where the gasoline is going then there is no way to ultimately pinpoint the problem if there is one. There were concerns with respect to the lack of understanding as to whether this gasoline is coming into the state or not.

This bill does more than just labels. By including the labels on the pump, you can now pinpoint where those problems may exist. For example, if you are having some problems with your plugs or the emission system, that is now something you can look at. It is already in your manual, but most people do not look in their manual, so we are simply reminding people that it is your second most important investment. We are hoping that folks look at it and decide for themselves whether they want to continue putting the fuel in their cars.

The problem that you state about a rural area where there is only one fuel—that is true, it could happen. Because we believe most of it is long-term effects, we believe if people are at least knowledgeable about the situation, they can have discussions with the individual who owns the retail pump and, ultimately, move that like the market moves many things.

Chair Daly:

Are there any other questions from the Committee? [There were none.] If there is anyone who would like to speak in support of S.B. 433 (R1), please come forward.

Sean T. Higgins, representing Afton Chemical Corporation:

My client, Afton Chemical Corporation, is the largest producer of MMT in the world. We worked with Mr. Hillerby and Mr. Alonso on this compromise which my client is in support of.

For a little background, MMT is used and approved in over 50 countries in the world and 48 of our 50 states. California is the only state that does not use it and that is because of the formulation of their gasoline, which is not compatible with manganese or MMT at this time. Manganese has been used for over 30 years as an octane booster. It is a safe product. Much like Mr. Hillerby and Mr. Alonso said, there are studies going back to the 1980s up to and including 2008 that discussed the fact that MMT does not cause damage to emission systems of vehicles. It is a fuel approved by EPA and can be sold in 48 states throughout the United States. I will provide a brief handout ([Exhibit F](#)) regarding some of the studies I am referring to.

My client is of the opinion that MMT is safe for use and has been shown to be safe for use. There are numerous tests that show it does not cause damage, but we are willing to label pumps where the product is in use.

Chair Daly:

Hypothetically, let us say a vehicle owner's warranty is not in place because of this. Is there any way they can reach out to you? Do you help provide information to people in that situation? Do you have any record or knowledge that that has ever happened? If it has been happening in 48 states, it seems to me there would be some history if it was happening often.

Sean Higgins:

We do not have records of that. I will say that the federal government requires any vehicle used in the United States to be able to operate on legal fuels. Our position is if it is approved by the federal or state governments, vehicles must be able to operate even on fuel with MMT.

Chair Daly:

Then there is the exception language that Mr. Hillerby referenced which was unless they tell you to not use this kind of fuel. I was just curious if there was some history that was used in 48 other states. I do not know how prevalent it

is; I do not know how prevalent the blends are. I am not opposed. I am just trying to ask the questions that I think are relevant for the record.

Sean Higgins:

I will talk to my client and see if they have that type of information. If they do, I will certainly provide it to the Committee.

Chair Daly:

Thank you. Are there any questions?

Assemblyman Ellison:

What is the good in this? Will you save miles per gallon? Will it be cheaper at the gas pump? What is the full intent with this?

Sean Higgins:

Obviously, MMT is an octane booster. We would argue that it works more effectively than ethanol does without some of the side effects. It is clean and good for the environment. Ultimately, that is the use of it. It is not widely used in Nevada today and has not been widely used. Mr. Hillerby and Mr. Alonso want to make sure that there is some kind of notice in place, and we are happy to do that, but the MMT will reduce energy consumption, emissions, allow for cleaner burning of gasoline, and allow for more flexibility for the blending of fuels.

Chair Daly:

We will now go to opposition. [There was no response.] Is there anyone in the neutral position? [There was no one.] I will close the hearing on S.B. 433 (R1). I will now open the hearing on Senate Bill 399 (1st Reprint).

Senate Bill 399 (1st Reprint): Revises provisions relating to special fuels. (BDR 51-1052)

Sean T. Higgins, representing Bio Diesel of Las Vegas, Inc.:

Senator Kihuen presented this bill on the Senate side. He could not make it today and asked me to present the bill on his behalf. To start, there was a mock-up amendment ([Exhibit G](#)) sent to the Committee. We are in support of that amendment; it simply moves the language in the bill. It was placed there at the request of the Department of Motor Vehicles (DMV). I think Mr. Seidel will comment to that.

What Senate Bill 399 (1st Reprint) attempts to do is in the definitional section of the fuels, 47 of the 50 states use the American Society for Testing Materials (ASTM) International testing standard for biodiesel fuels. What we are doing is

putting our definition of biodiesel in line with those 47 other states. It makes it a uniform manufacturing requirement across state lines and makes fuel more compatible and more comfortable. You can move it across state lines, and as those ASTM standards change, you simply follow those, and we do not have to come back for any type of change in the definition in front of the Nevada State Legislature again. We are simply comports that definitional change to 47 other states in the United States.

Section 2 of the bill pushes out special fuels and specifically delineates that biodiesel and biodiesel blends are subject to a 27-cent tax, but it names them specifically. That does not change their current tax rate that they have today, but it does push them out under the renewable fuels much like the alkyl esters and compressed natural gas. That is the complete change that we are requesting on this bill. I have spoken to Mr. Seidel and the DMV had some additional requests to changes not to this section, but clean-up for other sections. There may be another proposed amendment for clean-up language outside of these *Nevada Revised Statutes* (NRS) sections, so we will be discussing that with him.

Chair Daly:

I do not know if it was addressed in your amendment or not, but on page 2, section 1, subsection 3, it says: "It is unlawful for any person, or any officer, agent or employee thereof, to sell, offer for sale, assist in the sale of, deliver or permit to be sold or offered for sale . . ." and then in section 1, subsection 6, it says: "As used in this section, 'biodiesel' has the meaning ascribed to it in NRS 366.022." When I looked these up, they appeared to be in conflict. Can you look at that for me?

In my notes, I have that biodiesel is defined in NRS 366.022 as amended in section 2 more broadly than is described as allowed to be sold in subsection 3, paragraph (b).

Sean Higgins:

We are amending NRS 366.022 in section 2. In my discussions, that does comport with the intended use here. If you look at the section, it says that biodiesel is composed of mono-alkyl esters of long-chain fatty acids or other fuels derived from renewable resources which are suitable for fuel used in a diesel engine. Obviously, that is the more broad definition. When we go back to section 1, that is the section that makes the requirement for sale meaning you must meet these requirements in order to sell that biodiesel in the state of Nevada.

Chair Daly:

We can talk about this offline, but in section 2 the definition about biodiesel being composed of mono-alkyl esters of long-chain fatty acids or any other fuels derived from renewable resources that is suitable for diesel engines is very broad. When you say "any other fuel derived from renewable resources" regardless of any of the stuff that is in section 3, that is broad. I am assuming you have some federal regulation somewhere that says what is suitable for use and there are U.S. Environmental Protection Agency (EPA) guidelines, et cetera. In that section, our law says: "any other fuel which is suitable for use as a fuel in a diesel engine." You cannot sell any biodiesel unless it is under section 1, subsection 3, paragraph (b), subparagraphs (1), (2), or (3).

Sean Higgins:

That is correct. The only amendments we made to NRS 366.022 were adding the "derived from renewable resources" and the words "diesel engine." I did not put the words "or any other fuel" in the bill; that was the language of the current statute. Those are not my revisions; however, while that is a broad definition, the fact of the matter is that if you look at section 1, you then narrow that definition by requiring any biodiesel fuel that is sold to conform to section 1, subsection 3, paragraph (b), subparagraphs (1), (2), or (3).

Chair Daly:

What the old language said was any other fuel suitable for a diesel engine. Section 1, subsection 3, before the words were added, said you cannot sell it unless it conforms with the regulations adopted by the State Board of Agriculture pursuant to the section, so they had regulations, and that language is still there. Now we are going to have three layers.

We are basically going to say that almost anything that adds renewable to this is a biodiesel, but you cannot sell it unless the State Department of Agriculture says it is okay, and it meets at least these three things, and whatever regulations the Department of Agriculture may have on it as well. How narrow are you going to get? We start out defining it as anything and then we say adding under paragraph (b), subparagraphs (1), (2), or (3), it has to meet this, and then in subsection 3, paragraph (a), it also has to meet requirements of the Department of Agriculture.

Sean Higgins:

Yes, but the amendment ([Exhibit G](#)) to the definitional change is to try to bring us into conformance with 47 other states because fuels are a fungible good. If it is manufactured for sale here and meets these, it can then also be transported to other states who have the same definition for sale as well. That is one of the

reasons for this definition. I do not think it narrows it at all; it sets a clear standard for that under the ASTM standard.

Chair Daly:

I am not trying to argue with you. I will read the words again from section 1, subsection 3, paragraph (a):

It is unlawful for any person, or any officer, agent or employee thereof, to sell, offer for sale, assist in the sale of, deliver or permit to be sold or offered for sale: (a) Any petroleum or petroleum product as, or purporting to be, motor vehicle fuel, unless it conforms with the regulations adopted by the State Board of Agriculture pursuant to this section.

So, they are going to have regulations adopted that says what is a saleable fuel including biodiesel. You did not show me what is in their regulations, so whatever they have in their regulation now can be as broad as anything we have in NRS Chapter 590 or as narrow as what you have or even more narrow than you are defining it as. Section 1, subsection 3, paragraph (b) says any biodiesel unless it is composed of subparagraph (1), (2), or (3).

You have all these different standards that you can meet, which may be different than what the Department of Agriculture is putting in their regulations, and you are saying that it conforms to what everybody else has done. Those may be the standards that you added, but it appears to conflict with what the Department of Agriculture can put in their regulations, and with the broader definition where we are defining a biodiesel fuel as any other fuel suitable for a diesel engine. I am just trying to make all of those line up.

Sean Higgins:

I would disagree under section 1, subsection 3, paragraph (a). Paragraph (a) is in regard to petroleum and petroleum products. Paragraph (b) is biodiesel and is a separate classification so it does not fall under paragraph (a) in those Board of Agriculture requirements. If you were selling biodiesel, it sets out specifically the requirements that you will meet, not the requirements of the Department of Agriculture.

Chair Daly:

Do you purport biodiesel to be a motor vehicle fuel?

Sean Higgins:

Yes, but not petroleum or petroleum products, which is what paragraph (a) is.

Chair Daly:

It is a blend; you have biodiesel blends that have biodiesel fuel.

Sean Higgins:

I understand.

Chair Daly:

We will work on that. Are there any questions? [There were none.] Is there anyone in opposition to S.B. 399 (R1)?

John Sande III, representing Western States Petroleum Association:

The Western States Petroleum Association is a nonprofit organization doing business in the western states and has as its members all of the major oil companies. I proposed an amendment ([Exhibit H](#)) that would basically add renewable diesel, as well as biodiesel. Quite frankly, this is something I am not an expert in. All I can say is—and this is some definition from an algae fuel maker who said that the molecules in biodiesel are primarily fatty acid methyl esters, usually obtained by transesterification. Renewable diesel is refined and is nearly molecularly indistinguishable from standard diesel that comes out of the pump.

My clients said that if you are going to put biodiesel in, you should also include renewable diesel in the definition of that, and that is the proposed amendment ([Exhibit H](#)), but after hearing from Chair Daly, I think there has to be some revisions elsewhere in the bill to make sure that we have one definition of biodiesel from a tax standpoint and also from what you can use in this state. We will work with the bill sponsor to figure this out in the next few days.

Chair Daly:

Thank you. Are there any questions from the Committee? [There were none.] We did not even get into the tax question. The way I read the amendment is that that is not changing. I am good with that and that is good news. I do think we need to get the definition of all three sections lined up so there is no confusion.

John Sande:

I have already set up a conference call with an expert from Chevron who said he would help us out.

Chair Daly:

I do not need experts about what the molecules are, I just want the language to line up. Is there anyone else in opposition?

Paul J. Enos, representing Nevada Trucking Association:

I would like to echo the comments of Mr. Sande. We would like to see renewable diesel in there and we are willing to work with the bill sponsor and other interested parties in making sure those definitions line up for renewable diesel and biodiesel.

Chair Daly:

Is there any testimony in the neutral position?

Wayne Seidel, Administrator, Motor Carrier Division, Department of Motor Vehicles:

We signed in as neutral on this bill, but after reviewing the mock-up amendment ([Exhibit G](#)), we are in support.

Chair Daly:

Which amendment are you in support of?

Wayne Seidel:

I am supporting the amendment that came from the bill sponsor. I would like to thank Sean Higgins for allowing us to be a stakeholder and working on the details of the bill. We have been a part of developing it. Like Mr. Higgins said, we have some additional language to clean up. You were just reviewing how the sections were not aligning, so we may suggest some language to help align those three items you are talking about.

Chair Daly:

So, you worked with the bill sponsor on the amendment and you guys are in support of that, but you are also listening to the conversation and trying to find a way to get these things to line up. That is what I hope we can get everybody together on and do. Is that correct?

Wayne Seidel:

That is correct. Instead of going over language today, we will work with the sponsor.

Chair Daly:

We are under compressed time. Thank you.

Dawn Lietz, Supervising Auditor III, Audit Section, Motor Carrier Division, Department of Motor Vehicles:

As Mr. Seidel said, we will work with the bill sponsor off the record. I was going to bring some clarification to the other fuels you were bringing up in

NRS 366.022 and the amendment that we submitted today to Mr. Higgins will clean that up; it will help to address this issue.

Chair Daly:

Do we have that amendment?

Dawn Lietz:

We just gave it to Mr. Higgins as a soft copy; it is clean-up language. Part of the problem with the biodiesel and listing it separately is there are a lot of different types of fuel that fall into the biodiesel category that are not truly biodiesel. This bill is trying to identify what biodiesel truly is versus these other products that are labeled as biodiesel, but truly are not. Our language is in there to capture the tax, not necessarily to define the biodiesel. If we clean the language up in NRS 366.022 and refer back to the ASTM standard in NRS Chapter 590 for the biodiesel, it will still let us capture the tax on those other products that are not truly biodiesel by composition, but it will also allow us to collect a tax on those without affecting the biodiesel.

Chair Daly:

Are there any closing remarks?

Sean Higgins:

I worked with both Mr. Sande and the DMV. I think we can turn something around rather quickly and hopefully get it back to Committee in the next couple of days.

Chair Daly:

Very good. With that, I will close the hearing on S.B. 399 (R1). We will now begin our work session. We are going to pull one bill off work session today and I anticipate to work it next week since that is the deadline. Senate Bill 73 will not be discussed in work session today.

Senate Bill 73: Revises provisions relating to cruelty to animals. (BDR 50-55)

[This bill was not heard.]

We will begin the work session with Senate Bill 11.

Senate Bill 11: Prohibits the possession in Nevada of wildlife that was acquired, hunted, taken or transported in violation of a law or regulation of another state or country. (BDR 45-347)

Amelie Welden, Committee Policy Analyst:

[Ms. Welden read a description of the bill from the work session document ([Exhibit I](#)).] There are no amendments under consideration for this bill.

Chair Daly:

I will accept a motion to do pass.

ASSEMBLYWOMAN SWANK MOVED TO DO PASS
SENATE BILL 11.

ASSEMBLYMAN WHEELER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

I will ask that Assemblyman Healey take the floor statement.

We will now review Senate Bill 65 (1st Reprint).

Senate Bill 65 (1st Reprint): Revises provisions relating to public water systems and certain laboratories. (BDR 40-349)

Amelie Welden, Committee Policy Analyst:

[Ms. Welden read a description of the bill from the work session document ([Exhibit J](#)).] There were no amendments proposed.

Chair Daly:

This was the bill where most of the discussions centered around the preemptive stop orders before public safety is potentially put into play. I will accept a motion to do pass.

ASSEMBLYWOMAN COHEN MOVED TO DO PASS
SENATE BILL 65 (1ST REPRINT).

ASSEMBLYMAN HEALEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

I will give the floor statement to Assemblywoman Swank.

We will move on to Senate Bill 159 (1st Reprint).

Senate Bill 159 (1st Reprint): Declares the Legislature's support for a land exchange near the Red Rock Canyon National Conservation Area. (BDR S-552)

Amelie Welden, Committee Policy Analyst:

[Ms. Welden read a description of the bill from the work session document ([Exhibit K](#)).] There are no amendments under consideration.

Chair Daly:

At this time, I will accept a motion to do pass Senate Bill 159 (1st Reprint).

ASSEMBLYMAN PAUL ANDERSON MOVED TO DO PASS
SENATE BILL 159 (1ST REPRINT).

ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

I see Senator Jones in the audience. We did have a proposed amendment on this and in speaking with the sponsor of the bill, we can always come back with another plan in two years. We want to give this approach under this measure a chance. If it does not work in a positive way, we have the chance to address any remaining issues two years from now. That is what I spoke to the sponsor about.

Assemblyman Anderson will do the floor statement. Please continue, Ms. Welden.

Senate Bill 505: Abolishes the Columbia Basin Interstate Compact Commission of the State of Nevada. (BDR 48-578)

Amelie Welden, Committee Policy Analyst:

[Ms. Welden read a description of the bill from the work session document ([Exhibit L](#)).] There are no amendments proposed and if you can recall, these were considered obsolete statutes by the Legislative Commission.

Chair Daly:

So, you can go back once we have passed this, and say that you have repealed some obsolete laws; we did not just make them.

I will now accept a motion.

ASSEMBLYMAN LIVERMORE MOVED TO DO PASS
SENATE BILL 505.

ASSEMBLYWOMAN COHEN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

I will ask that Assemblyman Hansen do the floor statement. Is there any public comment? [There was none.]

This meeting is adjourned [at 2:15 p.m.].

RESPECTFULLY SUBMITTED:

RESPECTFULLY SUBMITTED:

Cheryl Williams
Recording Secretary

Janel Davis
Transcribing Secretary

APPROVED BY:

Assemblyman Skip Daly, Chair

DATE: _____

EXHIBITS

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

Date: May 9, 2013

Time of Meeting: 1:13 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 433 (R1)	C	Michael Hillerby	Letters in support
S.B. 433 (R1)	D	Michael Hillerby	Worldwide Fuel Charter
S.B. 433 (R1)	E	Michael Hillerby	Sample owner's manual language
S.B. 433 (R1)	F	Sean Higgins	Handout
S.B. 399 (R1)	G	Sean Higgins	Mock-up Amendment
S.B. 399 (R1)	H	John Sande III	Proposed amendment
S.B. 11	I	Amelie Welden	Work session document
S.B. 65 (R1)	J	Amelie Welden	Work session document
S.B. 159 (R1)	K	Amelie Welden	Work session document
S.B. 505	L	Amelie Welden	Work session document