

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

**Seventy-Seventh Session
March 14, 2013**

The Senate Committee on Natural Resources was called to order by Chair Aaron D. Ford at 1:30 p.m. on Thursday, March 14, 2013, in Room 2144 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Aaron D. Ford, Chair
Senator Mark A. Manendo, Vice Chair
Senator Tick Segerblom
Senator James A. Settelmeyer
Senator Pete Goicoechea

GUEST LEGISLATORS PRESENT:

Donald G. Gustavson, Senatorial District No. 14
David R. Parks, Senatorial District No. 7

STAFF MEMBERS PRESENT:

Michael J. Stewart, Policy Analyst
Lynn Berry, Committee Secretary

OTHERS PRESENT:

Colleen Cripps, Ph.D., Administrator, Division of Environmental Protection,
Department of Conservation and Natural Resources
Kevin Dick, Director, Air Quality Management Division, Washoe County Health
District, Washoe County
Dennis Ransel, Clark County Department of Air Quality
John Sande III, Nevada Franchised Auto Dealers Association
Peter D. Krueger, Nevada Emission Testers Council
Lou Gardella, Nevada Emission Testers Council, Jiffy Smog

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Jeff Sallan, Emission Concepts LLC
Chuck Tidd
Mike Prince, Terrible Herbst
Kyle Davis, Nevada Conservation League
Joe Johnson, Sierra Club
Deborah Shope, Emission Control Program, Compliance Enforcement Division,
Department of Motor Vehicles
Robert Tekniepe, Clark County Department of Air Quality

Chair Ford:

We will be hearing presentations regarding air quality matters. These presentations relate to the two bills we will be hearing today.

Colleen Cripps, Ph.D. (Administrator, Division of Environmental Protection, Department of Conservation and Natural Resources):

I am pleased to provide you an overview of the air quality program as it relates to nonattainment planning. I will be referring to my presentation entitled Nevada Air Quality Programs ([Exhibit C](#)).

The federal air program in Nevada is administered by three separate agencies. The Clark County Department of Air Quality and the Washoe County Air Quality Management Division manage the air quality program in their respective counties. The Division of Environmental Protection (NDEP) implements the programs in all other counties in the State.

Each of the agencies has core responsibilities. We regulate the emission of air pollutants from industries and facilities, investigate complaints and violations of air quality laws, monitor Nevada's air quality and develop programs to ensure Nevada meets all National Ambient Air Quality Standards (NAAQS). These standards include six criteria pollutants for which the air agencies are required to develop and implement State plans, as shown on page 4 of [Exhibit C](#). The NAAQS are reviewed every 5 years by the U.S. Environmental Protection Agency (EPA).

Until recently, the 5-year review timelines have been extended. Due to lawsuits, the EPA has begun to meet this 5-year standard on a regular basis which has complicated the work we need to do to develop the plans. The process is involved and resource intensive and sometimes we do not have the plans

prepared, submitted and approved before the next review comes due. We have seen significant reductions in some of the pollutants.

Once the standards are established, the air pollution agencies have to establish ambient air monitoring networks and monitor the air quality for the pollutants. Every time a standard is revised we have to determine whether or not the areas are in attainment with the new standard. Control strategies need to be developed to attain or maintain the NAAQS. We have to prepare and submit State Implementation Plans (SIPs) to the EPA for review and approval. Once they are approved, the plans become federally enforceable. These plans are required every time the EPA updates or modifies a pollutant standard, which is happening regularly. It is a multiyear process for the agencies to evaluate data, prepare an emissions inventory, evaluate control measures, model their effectiveness, draft plans and get them through the EPA process for final publication in the federal register.

There are two types of SIPs: attainment and nonattainment. Sanctions may be imposed on a state if SIPs are not submitted.

An attainment plan must show how air pollution will be maintained at levels that are protective of the NAAQS. Nonattainment plans must show how air pollution will be reduced to levels that will bring the area back into attainment. The nonattainment controls have more stringent stationary source control measures.

Chair Ford:

What is a stationary source?

Dr. Cripps:

They are facilities that create emissions. We issue permits that allow them to pollute, such as factories, power plants and sand and gravel operations.

We evaluate mobile sources and transportation for nonattainment. We use these sources as additional measures to help bring an area back into attainment. Often the population of an area has a significant effect on air quality.

Limiting motor vehicle emission is one mobile source control measure. Clark County and Washoe County residents should be familiar with the restrictions.

Chair Ford:

Are either of those counties in a nonattainment status?

Dr. Cripps:

There is nonattainment in some of those counties. The rest of the State is in attainment.

Senator Settlemeyer:

How many states have been sanctioned for not providing SIPs?

Dr. Cripps:

There were threats of sanctions in Clark County in the 1990s. We worked hard to get an approvable plan in place. The sanctions were not imposed.

Transportation control measures limit the location and use of motor vehicles. All of these measures vary from one place to another and are area specific. They are based on the emission sources in the area and how far the area is out of compliance.

After an area is back in attainment with a standard, the agency must show how air pollution will continue to be managed to ensure the area will continue to be in compliance.

Kevin Dick (Director, Air Quality Management Division, Washoe County Health District):

We are responsible for air quality and for permitting sources except for fossil fuel, fire, steam and power generating units. I will be referring to my presentation ([Exhibit D](#)).

Our inspection and maintenance plan is incorporated in the SIP that has been submitted and approved by the EPA, specifically in the carbon monoxide and ozone areas.

Part of the carbon monoxide plan entails creating a motor vehicles emission budget. This budget forecasts the amount of future pollution expected from vehicles. We work with the Regional Transportation Commission in Washoe County to do a transportation conformity analysis of their plans. This compares the emissions that might come from the construction of new roads to show it

does not exceed the motor vehicle budget. This allows them to receive federal funding.

Washoe County is attaining all the ambient air quality standards. We were previously designated in nonattainment for particle pollution for particulate matter 10 (PM10). We are in the process to be redesignated back to attainment.

We were out of attainment in ozone with a previous 1-hour standard. The standard is now 8 hours. Even though we are now in compliance with the 8-hour standard, the EPA has an antibacksliding provision which has us operating under an ozone maintenance plan.

Washoe County's air quality planning process includes an emissions inventory. We develop control measures to achieve attainment or to maintain attainment. The EPA requires measures to be enforceable. There are two sets of rules, local and State.

Since 1997, the ozone standards have been reduced, as shown on page 4 of [Exhibit D](#). The 2008 revision was never finalized. A 2014 standard will be proposed in 2013 with finalization in September 2014. The ozone level is anticipated to be in the 60-70 parts-per-billion range.

Senator Ford:

What part of the ozone pollutants are vehicle related?

Mr. Dick:

I will be addressing that shortly. Health can be affected by high ozone exposure. Decrease in lung function, respiratory symptoms, school absences, emergency room visits and even death can be caused by high ozone exposure. People sensitive to high ozone levels are children, elderly adults, pregnant women, people with respiratory diseases, such as asthma, smokers and healthy people exercising outdoors.

Ozone is a secondary chemical reaction that occurs when nitrogen and volatile organic compounds (VOC) combine with heat and sunlight. Motor vehicles are the largest source of ozone precursor emissions. The VOCs include solvents, motor vehicle exhausts and gasoline fumes from refueling, as well as emissions from smaller businesses like print shops.

We have been able to stay below the NAAQS ozone 8-hour standard. The new potential lower regulation poses a concern about our ozone attainment status, [Exhibit D](#). Our statistics are through 2011. Economic downturn factors, such as reduction in vehicle miles, contributed to keeping our ozone levels in attainment status. The preliminary 2012 results indicate three stations are close to the new potential requirement of 60-70 parts per billion by volume (ppbv).

Page 10 of [Exhibit D](#), shows ozone levels in the western United States. The background ozone concentration is around 40 ppbv. That is our base number. If the new regulations are 60-70 ppbv, there are only 20-30 ppbv of the ozone concentration we can affect with our control strategies.

Chair Ford:

Are you saying the 40 ppbv is beyond your control? Do you have to manipulate other areas, like vehicle emissions, to reach attainment?

Mr. Dick:

That is correct. Of the 68 ppbv current concentration against the standard, basically 40 ppbv comes from the background.

Research suggests the ozone background level will increase by 0.5 ppbv per year due to the transport of pollution from Asia. These are factors we cannot control.

We have measures in place for our major sources of air pollution. The primary VOC emitters are big printing facilities, fugitive emissions coming from geothermal complexes and vapor recovery controls on gas stations. We have done a lot of regulation with point sources. If we are not able to maintain the attainment standard, we would have to start assessing other control strategies. That could include looking at construction equipment and instituting measures similar to regulations in California that require the newest engines and equipment. It could include regulation of consumer products. It could also mean additional regulations and further rationing of current emission regulations. Motor vehicles are the most significant source of emissions.

Dennis Ransel (Clark County Department of Air Quality):

I will read the mission statement from the presentation entitled Clark County Air Quality ([Exhibit E](#)). There are two types of standards set by the EPA, primary

and secondary. The primary standards are designed to protect public health. The secondary standards are designed to protect vegetation and wildlife.

The Clark County Department of Air Quality has five organizational areas; permitting, compliance, monitoring, planning and information technology and administrative support.

The Department has a budget of \$17 million not funded from Clark County's general fund. We generate funds to support our programs. We receive funds from permits and fees, federal grants, tax revenue and the pollution control account fees.

Clark County has been in nonattainment for three pollutants in the past: carbon monoxide, PM10 and ozone. Presently, we are in attainment for carbon monoxide. We are under a 10-year maintenance plan. As of February 7 we have been redesignated as in attainment for ozone under the 1997 ozone standard. We are designated as serious nonattainment for PM10. We have completed a plan and we are close to attainment.

The PM10 nonattainment problem in Las Vegas is windblown dust. We created an attainment plan to establish requirements for dust control. The plan was submitted in 2001 with projections through 2006. The EPA approved the plan in 2004. We reached attainment in 2006. The EPA gave us a finding of attainment. We then developed a maintenance plan. This plan was submitted in 2012 and is currently pending EPA action for redesignation to attainment status. The process is typically slow. We feel approval will happen within this year.

Gasoline automobile emissions cause 85 percent of carbon monoxide. The primary control measures focused on smog tests and oxygenated fuel. Attainment was achieved in 2000 and a maintenance plan was approved by EPA in 2010. Clark County is currently under a 10-year maintenance plan and we are in attainment.

Clark County was not in attainment for ozone until the 1997 standard was promulgated. There were many difficulties with this standard and the EPA was

sued multiple times. Over time we were able to reach the 1997 standard and we submitted a maintenance plan in 2011. The EPA approved the plan in February. We are currently in attainment.

In 2008 the standard was reduced from the 1997 standard of 80 ppbv to 75 ppbv. Currently, Clark County and the rest of Nevada are in attainment for the 2008 standard. However, the trend is slightly on the increase, as shown on page 11 of [Exhibit E](#). The new proposed standards of 60 to 70 ppbv present new challenges for us regarding ozone attainment. Increased traffic and construction activities, along with the economy picking up could contribute to the increase.

Chair Ford:

Are you showing an actual correlation or is this a hypothesis?

Mr. Ransel:

Partially. Construction activity causes a significant emissions rise. Off-road vehicle emissions are not as controlled as on-road. If you take the off-road vehicles out of the equation, you will get a reduction in emissions. There are many factors that could cause a rise in ozone. It is difficult to determine what the exact cause is.

Unless we totally pave the Las Vegas Valley, PM10 will never go away. Our control measures are good and we expect to continue to be in attainment for PM10. Ozone will be a continuing problem. We have an excellent modeling staff who have been trained to use the updated software provided by the EPA. We have been looking at the ozone impact caused by wildfires. Wildfires cause accelerated concentrations of ozone. The Department is collaborating with other state and regional agencies to discuss ozone issues in the West.

The Department is continuing model development and research to reach and maintain attainment. We are evaluating potential control measures, such as cleaner fuel for the summertime. If we get into future situations where we are not in attainment, we have workshops to create new or revised control measures. This can be contentious as control measures would be imposed on sources that do not want them.

We prepare and submit attainment plans approved by the Clark County Board of Commissioners through the NDEP to EPA demonstrating how we obtain the standard. This may prove to be a difficult task in the future.

Senator Donald G. Gustavson (Senatorial District No. 14):

I will introduce Senate Bill (S.B.) 147. I will read my prepared testimony ([Exhibit F](#)).

SENATE BILL 147: Revises provisions governing the frequency of required inspections of the emissions of certain motor vehicles. (BDR 40-427)

At the recommendation of the Department of Motor Vehicles (DMV), I have agreed to the proposal to keep the current annual emissions testing in place for Washoe County and Clark County, rather than biennially, as originally proposed.

The DMV's recommendation is to apply the current exemption years, presently granted to new motor vehicles on their first and second registrations, and apply the same exemption to the same vehicles on their third and fourth registrations ([Exhibit G](#)). This recommendation is based on the DMV's analysis that fail rates for newer vehicles is essentially nonexistent. The DMV has provided current findings showing improvement ([Exhibit H](#)). Annual testing requirements would remain in place for all vehicles by the fifth registration to ensure that aging vehicles maintain their standards for clean air emissions. This becomes a major modification to S.B. 147.

This bill does not go far enough. California exempts new vehicles for the first 6 years. They then test vehicles on a biennial basis and the state has been able to maintain their emissions standards.

Nevada's air quality has improved over the last few years even as the population grew. The 2012 Annual Monitoring Network Plan Report prepared by the Department shows that air pollutants have declined over the years ([Exhibit I](#)). These accomplishments can be attributed to technology improvements regarding automobile emissions. I am proposing an amendment to S.B. 147 as a safeguard for the new federal air standards ([Exhibit J](#)). Keeping annual testing in place will ensure we remain in compliance. Nevada has several programs in place that continually monitor our air quality. We must ensure the programs remain funded. Therefore, there will be no exemption for the \$6 certificate fee that is currently assessed from vehicles during their third and

fourth registration periods. These fees will remain in place so no loss of revenue will occur to the governing agencies that monitor our air quality.

Chair Ford:

Will this bill, even as amended, have a negative impact on some businesses, such as smog control inspection stations?

Senator Gustavson:

Car manufacturers have designed automobiles so well that they do not need to be inspected every year. The smog control businesses will be affected to a point. This is something they should have seen coming. Eventually, technology will be so good that cars may not need smog checks at all.

Senator Settlemeyer:

I appreciate the amendment. Air quality is the issue here, not whether someone's business is affected. You stated DMV said the failure rate in the first 4 years is 0.59 percent. How many cars are tested and failed?

Senator Gustavson:

I do not have those charts with me.

Senator Settlemeyer:

Is it 20 cars?

Senator Gustavson:

I do not remember the figure. Another reason for the amendment is a possible loss of jobs in the industry.

Chair Ford:

Have you had conversations with the environmental control agencies that have spoken today regarding how it will affect them?

Senator Gustavson:

I have spoken with Washoe County, but not Clark County. We are all concerned with the new proposed federal EPA standards. This will keep us on the safe side.

Senator Settlemeyer:

How much does a smog test cost?

Senator Gustavson:

The tests run approximately \$18 to \$25 dollars.

I now have the failure rate statistics that Senator Settelmeyer was asking about previously ([Exhibit K](#)). In 2012, there were 4,140 vehicles tested and 6 failed. In 2011, 23,431 vehicles were tested and 38 failed.

Senator Segerblom:

Do air quality plans have to be approved by the federal government?

Senator Gustavson:

The EPA sets the standards that we have to meet, but it is up to local authorities to set the guidelines.

Chair Ford:

Would your amendment affect our attainment status with the new proposed EPA standards?

Senator Gustavson:

No, it would not.

John Sande III (Nevada Franchised Auto Dealers Association):

We are in support of S.B. 147 and the amendment.

Peter D. Krueger (Nevada Emission Testers Council):

This is our ninth session in front of the Legislature opposing this type of legislation. We have not had time to look at the amendment yet. You will hear from several owners of smog inspection facilities. I would like to put a face on the people that work in this industry. There are 1,000 trained technicians in this industry. The emissions program is a place for someone who has an interest in automotive mechanics to obtain an entry level job. From there, they can receive additional training to become a certified mechanic.

We also employ seniors. Only two out of the seventeen counties in Nevada have this program. This is a federally mandated program. We obtain the mandate through the SIPs and then through the EPA process as we have previously heard. Counties may have to weigh several bad options in order to attain the control measures. There are control measures now, such as mandatory ride share and telecommuting, that are not palatable with the citizenry.

These business owners have invested approximately \$50,000 for each station. Some of our members have signed a 5-year lease, with the expectation of a continued viable business income.

Chair Ford:

New cars do not have emission related issues. There should be a benefit for those who are purchasing new cars. I understand there may be fiscal impact on your clients, but it should not be too large.

Mr. Krueger:

It would be about 15 percent.

Chair Ford:

How much would that be?

Mr. Krueger:

I will ask the owners to address that question. The DMV routinely checks these businesses for test fraud. There are approximately 300 emission stations statewide; 250 in southern Nevada and 50 in northern Nevada. We believe the stations provide a valuable link between the new car manufacturers, the air quality agencies and the driving public. I agree that this government, or any government, does not owe anyone a livelihood. But, it makes no sense to pass a bill that would cause an immediate 15 percent loss of income.

Chair Ford:

Senator Gustavson made a compromise to have an annual inspection instead of every other year. What would be your compromise?

Mr. Krueger:

Let us ask the owners.

Lou Gardella (Nevada Emission Testers Council, Jiffy Smog):

This bill will violate Nevada's submitted and approved SIP with the EPA. This bill does not consider the proposed lower ozone standards. Both Washoe County and Clark County have exceeded the current ozone requirements of 75 ppbv in the past year. The change this bill represents has not been approved by the EPA. Senate Bill 147 allows polluting vehicles to go up to 4 years before they are repaired. This will result in a 15 percent reduction of smog tests performed each year, thereby affecting the air quality.

This same bill was proposed in 1997. We, as station owners, compiled actual failure certificates for newer vehicles; 10 percent of vehicles cause 90 percent of the pollution. At that time, our evidence showed that when newer vehicles fail, they are gross polluters. If the oxygen sensor fails in the vehicle, the vehicle computer does not know what is going on and the car becomes a gross polluter. If there are emission defects in the vehicles, the emission tests will find them.

Millions of dollars have been invested to build stations based on the Nevada emission program and federal EPA laws. Nevada has a SIP for an annual program with a 2-year exemption. Investments were made in these businesses based on that criteria.

If this bill passes, I will have to close two of my stations and five inspectors will lose their jobs. Stations would have to raise the price of the tests by \$2.50 to offset the loss. It is difficult to raise prices in a competitive market.

The consumer will still be paying the \$6 DMV fee. There will be an effect on the State as there will be no vehicle failures in years 3 and 4. Any changes should be made with Washoe and Clark Counties and those that are familiar with the EPA requirements, not the Legislature.

Jeff Sallan (Emission Concepts, LLC):

In contrast to the former speaker, I own only one shop with two employees. A 15 percent reduction in revenue means one employee layoff. I also sell real estate in Nevada. I lost 70 percent of my income during the economic downturn. I understand the effects of changing systems.

A lot of people use our service not only for the smog check, but also to renew their registrations.

I agree with Mr. Gardella regarding a compromise. To make changes you need to involve all the players, including the Legislature. I heard the air quality professionals being very concerned about any changes to the inspection and maintenance program.

Chair Ford:

I think you have an opportunity now to speak with Senator Gustavson regarding a compromise.

Senator Settlemeyer:

My calculations show a 7 percent reduction in business. Would 2 years make sense instead of 4?

Mr. Sallan:

I am not an expert in air quality and I cannot answer that question. As the owner of one shop, the effect will be dramatic on my business.

Chuck Tidd:

I would like to put a committee together with the people in the industry and legislators to achieve a compromise. According to a Cadillac emissions person in Reno, a new Cadillac will not pass the California smog test when it leaves Nevada. It is not designed to pass a smog test for 2,000 miles.

Mike Prince (Terrible Herbst):

We have 23 emission stations in Nevada and employ over 70 inspectors. We did not have time to look at the amendment since it came out 1 day before the hearing. A compromise will take time.

I have been in Las Vegas for 34 years and have seen positive changes in the air quality. Any change in this program will compromise what we have accomplished.

It is not fair to compare California's testing to Nevada's testing. California regulations are much more stringent. We need to vote down S.B. 147. We need time to assemble a committee that will contact Clark County to consider changes.

Chair Ford:

What type of effect would this bill, as amended, have on emission control and containment?

Mr. Dick:

My first impression is that this would be less harmful as far as the increase in emissions associated from the smaller segment of new vehicles versus the every other year approach for all vehicles. I support the comment made about gross polluters. The vehicles that are out-of-tune are putting out a lot more pollution. This is a smaller segment than with the original bill.

I am not clear if the exemption would be for new vehicles owned by the original owner or all vehicles within that time frame from the date of manufacture. One issue; when a vehicle is sold, the warranty does not go with the vehicle. It may be worthwhile to keep the smog check requirement for used vehicles.

Mr. Ransel:

I have not seen the amendment, nor have we been contacted concerning any impact the bill may have. There is still the issue of ozone attainment. Our current inspection and maintenance program is EPA approved. If we changed anything we would have to get EPA approval again and it would be considered backsliding. We are currently trying to work with EPA to figure out how we can avoid a nonattainment designation for the 2008 standard.

The recent model runs from February show less than a 0.02 percent increase in VOC emissions in 2014 and less than a 0.01 percent increase in emissions by not inspecting vehicles in the 3rd and 4th year. These percentages increase slightly by 2016. We have a federally approved program in place and we do not want to violate it. We would be backsliding because we need more emission reductions, not fewer.

If we look down the road 3 to 5 years and we have to submit a plan, we will have to look elsewhere for reductions. We oppose this bill because it leaves us with issues that put us behind the curve instead of ahead of the curve with the ozone issues of the future.

Dr. Cripps:

I really do not know how much the counties rely on this program as their control measures and their SIPs. I do know the timing for making modifications to their SIPs and obtaining approval from EPA is not trivial.

Mr. Dick:

A major concern is the workload required to revise a SIP. You have to present and defend it to the EPA. During that time we would be in violation of the current SIPs. There are other things we would like to do with the limited resources we have. The PM10 attainment redesignation request is much more important.

Legislatively changing emission testing requirements is contrary to the original legislative intent where the authority to develop those regulations is placed with

NDEP in cooperation with the DMV and the local air pollution control agency. My concern is that we would be denied the ability to create regulations needed to preserve our air quality.

The idea of collecting the \$6 fee through vehicle registration is an important concept that should be considered. Our ability to work with the State Environmental Commission and make changes to the emission testing regulations, is hindered by the connection between the revenue generation through the smog certificate fee and the smog regulations. If we propose to reduce the testing requirement through that committee, there is not the legislative component to preserve our funding revenue. We would no longer have the resources we need to implement our mandated responsibilities. If the revenue mechanism changed over to a vehicle registration fee, that would be positive for decision making for emissions testing. That might allow that money to be used to more appropriately address the range of emissions issues that come from vehicles. The PM10 emissions result from road dust. We have a significant problem in Washoe County in winter from dust from road sanding. The air quality impacts are more than just vehicle tailpipe emissions.

Kyle Davis (Nevada Conservation League):

We share the same concerns as the air quality professionals. Our air quality agencies are charged with keeping our air clean. We would defer to their expertise for any regulation changes and compromise. Our main concern is the air quality, especially in the nonattainment areas.

Joe Johnson (Sierra Club):

We oppose S.B. 147. We are concerned about the amendment and the collection of the fee. A normal irritation with the smog check is the time spent getting the check. Under the proposed amendment you have 2 years between inspections and you only need to go to the DMV for registration. We are concerned about the difference between the fail rate and the percent of gross polluters. On new vehicles, failure is probably a computer problem. Older cars normally just need a tune-up to pass the test.

If you change a current SIP to a new one, you could be out of compliance with the old one until the new one takes effect.

Deborah Shope (Emission Control Program, Compliance Enforcement Division, Department of Motor Vehicles):

The Department of Motor Vehicles (DMV) is neutral on this bill. I will refer to my prepared testimony ([Exhibit L](#)). We would request a word change to model year instead of registration year. We are also requesting an implementation date of January 1, 2015, if the bill is approved. This would eliminate the fiscal impact from the bill as it is written. This has been discussed with the sponsor.

The DMV would also like to point out that the additional 2-year exemption from emission testing will have a significant impact on the emission testing industry.

Senator Gustavson:

I am willing to extend the effective date to January 1, 2015.

Chair Ford:

I will close the hearing on [S.B. 147](#) and open the hearing on [S.B. 148](#).

[SENATE BILL 148](#): Revises provisions governing the Pollution Control Account.
(BDR 40-448)

Senator David R. Parks (Senatorial District No. 7):

Senate Bill 148 was requested by the Clark County Department of Air Quality and the Air Quality Management Division of Washoe County. Existing law established the Pollution Control Account, which is funded by fees collected by authorized smog inspection stations. The funds in this account are distributed quarterly to local government entities in nonattainment or maintenance status. Any funds in excess of \$1 million remaining in that account are awarded through grants to local government agencies for pollution programs. This bill eliminates the grant program and requires the funds to be distributed quarterly to local air pollution control agencies in nonattainment or maintenance status. This bill simplifies the process. Mr. Dick and Mr. Robert Tekniepe will present the bill.

Robert Tekniepe (Clark County Department of Air Quality):

Clark County Department of Air Quality strongly supports [S.B. 148](#). I have provided written testimony ([Exhibit M](#)). Distribution of the excess reserve funds from the Pollution Control Account is cumbersome. This bill streamlines the grant process. This process includes submitting applications on several levels,

waiting for approvals from various entities, making interlocal agreements and the production of quarterly reports, to name a few.

We foresee cost savings of approximately \$37,000 in fiscal year (FY) 2013-2014 and over \$73,000 in FY 2015-2016 in labor, wages and benefits. The personnel utilized in preparing grant proposals can be reallocated to other important areas.

Mr. Dick:

We strongly support S.B. 148. This bill is a responsible approach to streamlining and eliminating nonproductive administrative requirements and improving our stewardship of resources provided to us. There is a significant amount of administrative work in developing and presenting grant proposals. By the time we are able to actually spend funds, rescoping of projects is often necessary because assumptions or EPA requirements change, and the funds need to be spent elsewhere.

This will allow decisions to be made at the time we are spending the money as opposed to trying to make decisions 2 or 3 years in advance. We estimate a savings of \$20,000 per year in administrative expenses if this bill passes. Adequate oversight and appropriate use of funds will continue. Through S.B. 148, funds will be deposited in an account dedicated to our Division. We will continue to report monthly expenditures and activity to the Clark County Health District. We will submit an annual report on air quality program activities and expenditures to the Legislative Counsel Bureau (LCB).

Senator Settlemeyer:

What type of programs will these funds be utilized for?

Mr. Dick:

Under statute we had to identify specific projects in advance. We have utilized funds to work with the Desert Research Institute to better understand the fine particulate pollution problem in Washoe County and public outreach education. We have used funds for mitigation projects, such as providing rebates to residents to remove older, polluting woodstoves. With the change, we would have the flexibility to select projects that are appropriate at the time and not have to be conceived years in advance and have the funds locked in for specific projects.

Senator Goicoechea:

How much money are we speaking about?

Mr. Dick:

Over the last 3 years, the average amount of funding received for the Washoe County Health District is \$183,000. The distribution is proportional to the number of smog certificate fees generated. Washoe County is approximately 20 percent of the distribution.

Senator Goicoechea:

That is roughly \$1 million.

Mr. Tekniepe:

Clark County's FY 2013-2014 distribution is \$1,035,000. In FY 2012-2013 our distribution was \$920,000 and FY 2011-2012 was \$727,000. We are requesting an amendment. An omission was made when the bill was originally prepared. We would like to include language regarding the annual reporting of usage of those funds, exactly the same as the dedicated funds are reported.

Senator Parks:

That amendment would be fine.

Mr. Dick:

I wanted to clarify that the \$1 million is not new money. The bill just changes the way the money is provided to the air quality agencies. This money comes from the smog certificate fees. The excess is being returned to those agencies.

Ms. Shope:

The DMV is neutral on this bill. We do, however, have concerns with section 6 as it relates to the reporting of the use of the funds. The recommendation of the DMV is to amend the language to include the reporting of the funds be submitted to the LCB for transmittal to the Interim Finance Committee.

The DMV has been responsible for monitoring the expenditures in the past. This will make the reporting process the same as their quarterly distributions are now being reported ([Exhibit N](#)).

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Senator Parks:

The amendment from DMV is acceptable.

Chair Ford:

I will close the hearing on S.B. 148. There being no further business, the Senate Committee on Natural Resources is adjourned at 3:59 p.m.

RESPECTFULLY SUBMITTED:

Lynn Berry,
Committee Secretary

APPROVED BY:

Senator Aaron D. Ford, Chair

DATE: _____

<u>EXHIBITS</u>				
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	E	14	Dennis Ransel	Clark County Air Quality
S.B. 147	F	2	Sen. Don Gustavson	Written Testimony
S.B. 147	G	2	Sen. Don Gustavson	Proposal of DMV
S.B. 147	H	1	Sen. Don Gustavson	DMV Fact sheet
S.B. 147	I	1	Sen. Don Gustavson	Receptor-Measured Criteria Pollutant Trends Graph
S.B. 147	J	1	Sen. Don Gustavson	Proposed Conceptual Amendments
S.B. 147	K	4	Sen. Don Gustavson	Emission pass/fail stats
S.B. 147	L	2	Deborah Shope	Written Testimony
S.B. 148	M	2	Robert Tekniepe	Written Testimony
S.B. 148	N	1	Deborah Shope	Written Testimony