

**MINUTES OF THE
SENATE COMMITTEE ON TRANSPORTATION**

**Seventy-Eighth Session
February 17, 2015**

The Senate Committee on Transportation was called to order by Chair Scott Hammond at 8:30 a.m. on Tuesday, February 17, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E 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 Scott Hammond, Chair
Senator Don Gustavson, Vice Chair
Senator Patricia Farley
Senator Mark A. Manendo
Senator Moises (Mo) Denis

GUEST LEGISLATORS PRESENT:

Senator James A. Settelmeyer, Senatorial District No. 17

STAFF MEMBERS PRESENT:

Megan Comlossy, Policy Analyst
Darcy Johnson, Counsel
Tammy Lubich, Committee Secretary

OTHERS PRESENT:

Marily M. Mora, A.A.E., President/CEO, Reno-Tahoe Airport Authority
Bobbi Thompson, C.A.E., Airport Manager, Minden-Tahoe Airport; President,
Nevada Airports Association
Mark Gibbs, Airport Director, Elko Regional Airport
Stacy Howard, Western Regional Representative, National Business Aviation
Association
Troy Dillard, Director, Department of Motor Vehicles

Marily M. Mora, A.A.E. (President/CEO, Reno-Tahoe Airport Authority):

The Reno-Tahoe Airport Authority is the owner and operator of the Reno-Tahoe International Airport and Reno-Stead Airport. We are governed by the Reno-Tahoe Airport Authority Board of Trustees. The trustees are appointed by the City of Reno, City of Sparks, Washoe County and the Reno-Sparks Convention and Visitors Authority. The Reno-Tahoe International Airport has 10 passenger airlines, 3 cargo airlines, 3 runways and 23 gates. The Reno-Tahoe International Airport and other area airports generate jobs and economic activity for our communities.

The Reno-Tahoe International Airport is financially self-sufficient with no local tax dollars used to operate the airport. The airport is operated on fees and rent collection from airport tenants, with 70 percent of operating revenues being generated by non-airline sources. This helps the authority keep the rates and charges low for the airlines. The Reno-Tahoe International Airport creates \$2 billion in annual economic impact.

The Reno-Tahoe International Airport is the sixty-second busiest commercial airport in the United States. There are 3.8 million passengers per year and 52 daily nonstop departures. There are 2,500 employees including 250 Airport Authority employees. Our core mission is the safety and security of the traveling public 24 hours a day, 365 days a year.

The Reno-Tahoe International Airport is the gateway to the Reno-Tahoe region. Over the last 5 years, the airport has created construction jobs with \$100 million in improvements including: in-line baggage handling, consolidation of two checkpoints into one and the moving of concessions to the post-security area.

In June of 2013, the Authority Board of Trustees established five strategic priorities: increasing air service; optimizing general aviation operations and service; expanding cargo development and service; facilitating economic development and providing a positive environment and experience for all.

The Reno-Tahoe International Airport has been fortunate in increasing our air service. On May 28, JetBlue Airways Corporation will be coming to our community and starting nonstop service to John F. Kennedy International Airport in New York City. In December 2014, Mexico's Volaris airline started nonstop service to Guadalajara on Tuesdays and Fridays. Starting in December,

there will be two weekly nonstop flights to London Gatwick Airport. All of these flights are possible due to the partnerships with our communities. The most important partnership established is with Nevada's Commission on Tourism. The routes from Reno-Tahoe to London, Mexico and the East Coast are shown on page 8 of my handout ([Exhibit C](#)).

The Reno-Tahoe Airport Authority has proposed Senate Bill (S.B.) 93 which authorizes certain businesses to apply to the Office of Economic Development for a partial abatement from certain taxes.

SENATE BILL 93: Authorizes certain business to apply to the Office of Economic Development for a partial abatement from certain taxes. (BDR 32-291)

The Governor's Office of Economic Development and the Governor are leading this effort. Senate Bill 93 is a tax policy reform bill which is needed to advance the competitiveness of our aviation and aerospace industry in Nevada. Reno-Stead Airport is one of the test sites for the Unmanned Aircraft System (UAS). Nevada is the only state out of the seven western states that does not provide a tax exemption or abatement to the aviation or aerospace industry. Senate Bill 93 will increase our tax revenues through the payroll tax and other induced tax revenues that increase due to economic expansion.

Chair Hammond:

Can you explain how important the airport has become with respect to cargo?

Ms. Mora:

In 2014, the air cargo grew 6 percent at the Reno-Tahoe International Airport due to increased warehousing and distribution in northern Nevada. The Authority is currently in the process of a cargo study to look at what facilities and future airlines can be brought into the region due to growth.

Bobbi Thompson (C.A.E., Airport Manager, Minden-Tahoe Airport; President, Nevada Airports Association):

My presentation, "Nevada Rural Airports; Critical Component in Our Economic Vitality and Safety" ([Exhibit D](#)), will illustrate how the rural or noncommercial service airports play a critical role in the State's economy, safety, firefighting and mining. The map on page 1 of [Exhibit D](#) represents locations of the airports within the 17 counties.

There are many struggles for the rural airports in Nevada. In the budget, there is a \$100,000 line that could be used to help these airports. The Minden-Tahoe Airport is one of the few general aviation airports within the State that is self-sufficient.

The Federal Aviation Administration (FAA) funding requires a local match of 6.25 percent. Most of Nevada's airports cannot come up with the matching dollars; therefore, the 93.75 percent the FAA is willing to contribute toward improvements goes to other states. The rural airports are important when it comes to safety issues including access to medical care that otherwise would not be readily available.

The economic development aspect of general aviation, shown on page 3, [Exhibit D](#), shows general aviation employs 2,135 people across the State, with a total payroll of \$93 million, \$275 million in economic output and almost \$128 million in tourism impact. The rural airports are also important for business relocations.

Business aviation is critical to our state. The key factors in attracting business aviation to the local airports are shown on page 4, [Exhibit D](#). The airports also support medical air services that otherwise would not be available in an expedited manner.

The statistics for general aviation cargo for rural communities are shown on page 6, [Exhibit D](#). Air cargo is important to fulfillment houses to get their products out, and general aviation airports can do that.

Public Safety is significant when it comes to firefighting. In Minden, a company builds firefighting aircraft and then deploys them through the Bureau of Land Management at the Minden-Tahoe Airport. The Minden-Tahoe Airport also houses the Division of Forestry, which coordinates the interagency dispatch, scheduling and flight setting for the aircraft which fight fires statewide and sometimes throughout the region. Many of the rural airports house the Civil Air Patrol section in support of Search and Rescue.

Rural airports also support the agricultural services which operate spraying crops and sowing seeds from local airports to avoid flying long distances.

Forty-one Nevada airports are contracted to support UAS remote-piloted aircraft. The rural airports need to have the infrastructure to support this \$1 billion industry.

Senator Hammond:

How much money would the match create for the State with the \$100,000-line item in the budget?

Ms. Thompson:

For every \$6 we spend locally, we would get \$93.

Mark Gibbs (Airport Director, Elko Regional Airport):

The Elko Regional Airport is an underutilized economic asset to Nevada. I have a presentation about air service to northeastern Nevada ([Exhibit E](#)). The catchment area has strong economic growth. The demographics outperform the State in terms of household income, unemployment and population growth. Elko is geographically isolated; there is no easily accessible aviation alternative to our regional airport. Elko is currently served by Delta Air Lines and that commercial service is twice-daily jet service to Salt Lake City, Utah. Elko is 130 miles from any other metropolitan area, making aviation a key component to our local economy.

In the last 3 years, the population of Elko has grown 8 percent. Elko County is a major outdoor recreation destination with millions of acres of public land for hunting, fishing and all outdoor sports. Elko is also the epicenter for the National Cowboy Poetry Gathering and the regional headquarters for two of the three largest gold mining companies in the world.

Looking at Elko's catchment area, page 4 of [Exhibit E](#), there is a population base of 40,000 within a 50-mile radius. Within the 100-mile radius, there are 57,000 people. As you can see by the concentric rings, we are geographically isolated. We only capture one-third of our passengers due to serving one destination to the east of Elko when most of our business connections are to the west. Many Elko residents are adamant in trying to reintroduce traffic and commercial service to the western United States with Reno being their number one destination.

Between the years of 1998 and 2002, Reno was served by Delta Air Lines, with Reno being the number one destination. A passenger leakage study was

completed in 2014, which found that 80 percent of our commercially scheduled passengers were traveling on business. This showed that business is what drives the aviation market and commercial travel in and out of Elko. On page 6 of [Exhibit E](#), the map shows all of the corporate aviation and the destinations served from Elko in 2014. Our corporate aviation reach is all over the United States.

Chair Hammond:

Mr. Gibbs, would you please describe what you mean by "leakage?"

Mr. Gibbs:

Leakage is an industry term referring to passengers choosing an alternate airport rather than their home-based airport. A study looking at passenger ticket sales, zip codes and where the tickets were generated, tells us where passengers are flying from in our local communities.

Chair Hammond:

So, the passengers are actually leaving the Elko area?

Mr. Gibbs:

About two-thirds of our passengers who purchased tickets in Elko County, left the county to go to Salt Lake City International Airport, but also leaked to Boise and Reno Airports.

Elko is a hub for the mining industry. When the equipment goes down at a Newmont or Barrick mine it could cost up to \$10,000 a day in downtime. Most of the parts come from the Reno-Sparks area for the mining companies. The Elko airport provides a logistical hub to bring parts in quickly for the mines to repair their equipment and continue production.

The Elko airport is a freight-forwarding center for the United Parcel Service of North America, Inc., and FedEx Corporation for business commercial traffic. Elko's main commercial airline, Delta Air Lines, also provides cargo services.

Chair Hammond:

Can you please explain the term, "freight-forwarding?"

Mr. Gibbs:

A freight forwarder is a company that consolidates freight, but is not the actual shipper. They provide the service to transit cargo from point A to point B.

Another aspect that is important to our community is medical laboratory testing and diagnostic services. Elko is in a rural area, and some services are not available in our region. Most medical diagnostics need to take place in Reno or Salt Lake City. Elko is also a base for aerial surveying for the mines and the base for the Bureau of Land Management, wildlife surveys conducted in eastern Nevada and the Division of Forestry reseeding projects in northern and northeastern Nevada.

On pages 8 through 12 of [Exhibit E](#) are quotes from our business constituents that explain the adverse effects not having additional aviation has had on their businesses.

In conclusion, aviation in northeastern Nevada makes business possible.

Chair Hammond:

With Elko's population growing annually at 8 percent, can you explain what you are doing to bring air travel back to Elko and what your goals are?

Mr. Gibbs:

We have introduced legislation through Senator Goicoechea to have an assistance program. This is a cost-sharing program between the State and the local constituents. The State would provide 80 percent of the minimum revenue guarantee. The legislation is modeled after that of Wyoming, which is a big state geographically with a dispersed rural population.

Most small airlines are not entering smaller markets. Due to this trend in the airline industry, many airports on the West Coast have lost air service. The airlines are looking to the community to provide a risk assurance program for the first year.

Senator Denis:

There was a movement in the airline industry with light jets providing regionalized air taxi service, is this service still available?

Mr. Gibbs:

This was a buzz within the industry about 10 years ago. The airline industry is moving towards larger, more fuel-efficient aircraft. The cost of operating a smaller aircraft with fewer seats is far more significant for an airline's bottom line than larger aircraft with more seats. Another contributing factor is the FAA requirements for new pilots. There are more hours required and the cost to the student is \$50,000. Therefore, many of the small commercial airliners do not have pilots to add to new markets.

Stacy Howard (Western Regional Representative, National Business Aviation Association):

The National Business Aviation Association has more than 10,000 member companies across the United States. These companies use general aviation aircraft in order to make their businesses competitive, profitable and efficient.

The National Airspace System (NAS) is funded by user fees and taxes. The FAA was initially founded under the U.S. Department of Commerce. In the 1960s, the FAA was moved to the U.S. Department of Transportation and since the 9/11 attacks, it has been moved under the Transportation Security Administration and the U.S. Department of Homeland Security. The FAA oversees the manufacturing and certification of aircraft; the certification of aviators, pilots and maintenance technicians who operate and service the aircraft; air traffic controllers; traffic systems; the airports certification for the buildings; commercial space travel and more recently the UAS.

The Federal Aviation Administration is 80 percent funded from the Airport and Airway Trust Fund. This is generated through ticket, cargo, general aviation, jet fuel and international ticket taxes. The NAS controls airways, airspace designations, ground equipment and global positioning satellite for navigating through the system. The air traffic control facilities consist of 19 regional air traffic centers, 165 terminal radar areas and 450 air traffic control towers and flight service stations.

Airports are funded through the federal Airport Improvement Program (AIP). In 2014, the AIP was funded with \$3.48 billion for the United States.

Nevada's public use airports are used by business aviation. Page 4 of my presentation ([Exhibit F](#)) lists the 49 airports in Nevada. Thirty-six are eligible to receive federal funding from the AIP.

The majority of airlines use 70 of the nation's airports; business aviation and general aviation use all 5,000 of the public airports. The companies that use business aviation are able to have confidential conversations, visit multiple locations in a single day, transport high-value, lightweight cargo and transport items that would not be allowed on the commercial airlines. The companies' technicians, executives, sales teams and customers can all travel using business aviation to their manufacturing facilities. Utility companies use these general aviation aircraft to monitor pipelines and power lines. In the near future, they will begin to use UAS for some of the work.

Chair Hammond:

What in particular is changing to help the number of companies grow in the State?

Ms. Howard:

In Nevada, the tax abatements proposed in S.B. 93 will help with these companies. The University of Nevada, Las Vegas (UNLV) was one of six sites selected by the FAA for a UAS certification program. The FAA recently began allowing the use of light UASs flying at heights under 500 feet in areas that are not heavily populated. The FAA needs to move forward and expand their regulation for the use of the UAS.

Chair Hammond:

Do you see collaboration between the UAS industry with the faculty and students at UNLV?

Ms. Howard:

Yes, there is a UAS Association established in Nevada that has helped to work with the University. It is in the early stages, but I do see it expanding. The military in Nevada has been researching and using UAS in their special-use airspace. In Boulder City, there is a lot of testing for the integration of UAS into the NAS. This is a very good location due to the mix of operators in the Las Vegas area.

The National Business Aviation Association held the first UAS session during its national conference in Orlando, Florida, and it was one of the most highly attended sessions of the conference. The next conference will be held in Las Vegas November 17, 18 and 19. There will be approximately 25,000 attendees at the Henderson Executive Airport.

The companies using business aviation outperform non-aviation users in financial measures. Research has been completed in the last few years showing those companies have annual growth earnings, stock and dividend growth, share price and market capitalization above the average company. Business aviation contributes \$1.5 billion to the U.S. economy. The majority of general aviation aircraft are manufactured, operated and serviced in the United States. Aircraft manufactured overseas are often brought to the United States and completed with avionics and other required specialty work.

Aviation contributes positively in reducing the U.S. trade deficit. The jobs created are well paid and attract highly skilled, educated workers. We have also provided the “No Plane No Gain” publication ([Exhibit G](#)) highlighting 25 nationally recognized U.S. companies.

Senator Denis:

Are there any other programs that could help fill the regionalized services niche in Elko?

Ms. Howard:

Due to high fuel costs and the retraction of the economy, there was significant pullback of the on-demand air taxi services; however, there are still some. For example, in California at the San Carlos Airport, a small company is operating an air taxi service. Their business model requires customers to subscribe and pay an annual fee for a certain number of flights per year to any of the locations the air taxi would normally serve and to some outlying areas.

Chair Hammond:

We will now open the hearing on S.B. 127.

SENATE BILL 127: Revises provisions relating to the Department of Motor Vehicles. (BDR 43-601)

Senator James A. Settelmeyer (Senatorial District No. 17):

Senate Bill 127 is related to motor vehicles; it would revise provisions governing the issuance by the Department of Motor Vehicles (DMV) of a refund or credit for certain fees and taxes paid upon the transfer or cancellation of the vehicle registration in certain circumstances.

Recently a constituent contacted me because her husband could no longer drive due to health conditions, but he still wanted to register his Harley-Davidson Motorcycle so he could ride it when he got better. Unfortunately, that did not occur; he passed 2 months after his wife renewed the registration. His wife sold the vehicle and was told that they could give her a credit for the unused portion of the registration, but it goes away; the amount declines at one-twelfth of its value per month. Therefore, 2 months after registering the vehicle for \$1,200 she had a credit of about \$1,000. Her other vehicle was not due to be registered until 10 months later. Basically, she would lose \$800 and she did not feel that was right. Therefore, I brought a bill forward to correct that.

In discussion with Director Dillard of the DMV, we determined there are issues that would create a large fiscal note. Therefore, a proposed amendment to S.B. 127 is submitted ([Exhibit H](#)) to alleviate DMV concerns.

Chair Hammond:

How would your constituent's scenario change if S.B. 127 is enacted?

Senator Settlemeyer:

As current law applies, my constituent would have lost 10 months of the registration; she would have lost \$1,000. This bill would allow her credit to be held and applied to the registration fee when she registered her other vehicle. This would only apply to people who have other vehicles to register. There are many people who do have other vehicles, and they could take advantage of this.

Chair Hammond:

Would your constituent have the full amount of money if her registration was due in 6 months?

Senator Settlemeyer:

If it was only 6 months, she would have the full amount to apply to the full registration.

Chair Hammond:

Is there a time limit on when a person can receive the full amount?

Senator Settlemeyer:

It only survives the life of the current registration. This would solve some of the budgetary concerns DMV has. It is my understanding that when the money escheats or goes away, it is distributed to different accounts and would create a huge problem when trying to refund the money.

Troy Dillard (Director, Department of Motor Vehicles):

Senator Settlemeyer and I spoke on Friday and crafted the proposed amendment to reduce the fiscal impact on the State the original bill would have caused. I have two technical changes that make the proposed amendment do exactly as described. In section 1, subsection 5, I would like to add after "such a credit expires" to "on the expiration of the date of the registration of the vehicle from which the person surrendered or cancelled the registration."

Senate Bill 127 will freeze the credit amount of any registration that is cancelled. That credit would expire when the original registration would have expired; however, until then, the full credit could be applied to another registration. The DMV is working on determining the new fiscal impact for this bill, and we anticipate the numbers will be reduced since we will not have to reengineer the entire accounting system.

Chair Hammond:

Please verify that you are in favor of S.B. 127 or you are neutral.

Mr. Dillard:

The Department of Motor Vehicles is neutral on the policy issue of the bill.

Senator Denis:

From the clarification you just gave, I understand that if you have vehicle A and you are 2 months into its registration and it is December, if you turn in your plates, you have until the following December to use that credit on vehicle B?

Mr. Dillard:

Yes, that is correct.

Senator Gustavson:

If you were to fall into Senator Settlemeyer's scenario, and a person after 2 months of buying a registration surrenders it, but does not have another

vehicle, does not the law state that they cannot get a refund unless the credit amount is over \$100?

Mr. Dillard:

There are provisions for refunds under certain circumstances; there usually has to be exceptional circumstances. Yes, you are correct on the amount; it still must be over \$100.

Senator Gustavson:

Can you give an example of what the exceptional circumstances might be?

Mr. Dillard:

Senator Settelmeyer pointed that out in the proposed amendment. Section 1, subsection 9, provides the list of allowable exceptional circumstances.

Senator Denis:

Do you know how much money collected to date has not reverted and how would this impact your budget?

Mr. Dillard:

The DMV is in the process of projecting those numbers now in the construction of the fiscal note. The deadline has not come, so we are still gathering the information. At a guess, approximately 4 percent of the registrations are surrendered or cancelled, many of which are transferred to a new vehicle. Usually, a vehicle is being replaced and the remaining registration is transferred to the new vehicle. The DMV will have a specific number in the fiscal note that those factors will be based upon. For explanation, when you pay your registration today, that registration fee is then distributed to several accounts that the registration is made up with, for example, counties, schools, the State General Fund and a small portion that goes to the State Highway Fund. If that has to be extracted as the bill was originally designed, we would have to design a system to pull money back out of those accounts. It is not just an impact to DMV; it is an impact to each of the distribution fields. The DMV will have that broken out in the fiscal note to give the best projection of what those impacts would be.

Senator Denis:

When you plan your budget, do you include the other entities?

Mr. Dillard:

Yes, we look at all the factors to best predict what those numbers are going to be. We then share them with the other entities, and they use those numbers for their budget projections.

Senator Denis:

When would this take effect?

Senator Settlemeyer:

There is no effective date within the bill language. It would fall on October 1, which is the traditional implementation date.

Senator Denis:

Would it be better to put it out further into the future, so they would not have to adjust their budget?

Senator Settlemeyer:

I do not believe their budgets are set yet. In that respect, I would like to have the fiscal note come back and see what amount we are discussing.

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Chair Hammond:

The hearing is closed on S.B. 127. There are no public comments; this meeting is adjourned at 9:41 a.m.

RESPECTFULLY SUBMITTED:

Tammy Lubich,
Committee Secretary

APPROVED BY:

Senator Scott Hammond, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit		Witness or Agency	Description
	A	1		Agenda
	B	2		Attendance Roster
	C	11	Marily M. Mora	Presentation
	D	9	Bobbi Thompson	Presentation
	E	13	Mark Gibbs	Presentation
	F	7	Stacy Howard	Presentation
	G	n/a	Stacy Howard	Publication
S.B. 127	H	3	Senator James A. Settlemeyer	Proposed Amendment