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JASON D. GEDDES, PH.D.
ASSEMBLYMAN
District No. 24



DISTRICT OFFICE:
750 Putnam Drive
Reno, Nevada 89503-5900
Office: (775) 750-2402
Fax No.: (775) 784-4553

COMMITTEES:

Member

Education

Judiciary

Natural Resources, Agriculture,
and Mining

LEGISLATIVE BUILDING:

401 S. Carson Street
Carson City, Nevada 89701-4747
Office: (775) 684-8559
Fax No.: (775) 684-8815

State of Nevada Assembly

Seventy-Second Session

AB 237
(BDR 796)

Removal of low-sulfur diesel from NRS 445A

In 2002, the United States Environmental Protection Agency (USEPA) prepared the Health Assessment Document for Diesel Engine Exhaust. The assessment concluded that "long-term inhalation exposure is likely to pose a lung cancer hazard to humans, as well as damage the lung in other ways depending on exposure." It also showed evidence of "exacerbation of existing allergies and asthma symptoms." Allergies and asthma symptoms are on the rise in both Clark and Washoe counties.

NRS 445A created an alternative fuel program that required city, county and state fleets to purchase and operate a percentage of their vehicles on alternative fuels. Low sulfur diesel (LSD) was included in the original legislation. At that time the NRS allowed 5,000ppm of sulfur in diesel fuel. LSD was defined as having sulfur concentrations of less than 500 ppm. Theoretically, LSD served to improve air quality in Clark and Washoe, as well as, provide an incentive to convert all diesel supplies to LSD ahead of the federal deadline.

According to the Nevada Department of Agriculture, the 2001 statewide average for sulfur in diesel fuel was 265 ppm. In 2000, the USEPA approved a new diesel standard that creates Ultra Low Sulfur Diesel (ULSD) with a maximum amount of sulfur at 15 ppm and takes effect for on-road vehicles in 2007. The USEPA is seeking to work with local authorities to improve the availability of ULSD in advance of the deadline. The USEPA expects significant public health and environmental benefits as the environmental performance of diesel engines and diesel fuels improve.

In the 2001 session, Senator Titus introduced SB 177 intended to remove LSD from NRS 445A. It met opposition as the only alternative for public transit and school buses were natural gas powered buses that are tens of thousands more per bus and required additional infrastructure. Since then, prices have come down on natural gas buses; the natural gas infrastructure has been expanded in Clark County and a variety of other fuels have become available including CARB Diesel and Ultra Low Sulfur Diesel.

AB 237 seeks to remove LSD from NRS 445A and provides a variety of fuels for fleet operators to use to meet the requirements. This program only applies to the acquisition of city, county and state vehicles, not the existing fleet. We should not purchase vehicles running on Low Sulfur Diesel with taxpayer money under the guise of improving air quality. I encourage you to approve it with the recommended amendments.

Respectfully,
Jason Geddes, Ph.D.
Assembly District 24 – Washoe County

D 1 of 3

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ASSEMBLY NATURAL RES., AGRICULTURE & MINING
DATE: 3/17/03 ROOM: 3161 EXHIBIT D1-3
SUBMITTED BY: Jason Geddes

JASON D. GEDDES, PH.D.
ASSEMBLYMAN
District No. 24



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Fiscal Notes:

You will see a fiscal note on the cost to fleets. I believe that the estimation for the impact has been overestimated on the high side. The first thing to remember is that this only applies to 90% of vehicle acquisitions, not the existing fleet. Secondly, an analysis of fuel costs in the Western United States per the OPIS rates on March 13 shows:

	<u>Per gallon, pre-tax</u>	
Low Sulfur Diesel	\$1.322	
Ultra Low Sulfur Diesel	\$1.425	7.8% increase
CARB Diesel	\$1.348	2.0% increase
B5 Biodiesel	\$1.358	2.7%
B20 Biodiesel	\$1.469	11.1%

Some fleets in Clark County have contracted for cheaper biodiesel rates based on biodiesel production facilities being located.

There are currently 6,116 vehicles in the program and 2,270(37.1%) are running on diesel and 671 (11.0%) are running on B20 Biodiesel.

References:

"Health Assessment Document for Diesel Engine Exhaust," U. S. Environmental Protection Agency, National Center for Environmental Assessment, May 2002.

"State Alternative Fuel Vehicle Incentives: A Decade and More of Lessons Learned," National Conference of State Legislatures, February 2001.

"A Comprehensive Analysis of Biodiesel Impacts on Exhaust Emissions," U.S. Environmental Protections Agency, Office of Transportation and Air Quality, October, 2002.

Proposed amendments per RTC in Washoe and Clark Counties and Nevada Division of Environmental Protection in concurrence with Jason Geddes, Assembly District 24-Washoe County.

Section 2 – Delete current Section 2 and replace with

Section 2 “B5 Biodiesel means a finished diesel fuel meeting American Society for Testing Materials (ASTM) specification D 975 and consisting of:

1. Five percent biodiesel fuel blend stock for distillate fuels meeting ASTM specification D 6751; and
2. Ninety-five percent diesel fuel meeting ASTM specification D975.

Section 3- Delete current Section 3 and replace with

Section 3 “B20 Biodiesel means a finished diesel fuel consisting of:

1. Twenty percent biodiesel fuel blend stock for distillate fuels meeting ASTM specification D 6751; and
2. Eighty percent diesel fuel meeting ASTM specification D975.

Section 8 – Delete Subsection 3 and replace Subsection 2 with the following:

Subsection 2. B5 Biodiesel to B20 biodiesel, inclusive.”

Section 9 - Delete current Subsection 2 and replace with

Subsection 2. Regardless of the type of fuel on which it operates complies with the emissions standards of a certified vehicle:

- (1) The standards for the control of emissions from an ultra low-emission vehicle, or more stringent, as set forth in 40 C.F.T. 88.104-94 or 88.105-94; or
- (2) Any other standards for the control of emissions from a motor vehicle adopted by the United States Environmental Protection Agency which are more stringent than the standards for the control of emissions from an ultra low-emission vehicle, or more stringent, as set forth in 40 C.F.R 88.104-94 or 88.105-94.