

SENATE BILL NO. 422—COMMITTEE ON COMMERCE AND LABOR

MARCH 24, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Revises certain provisions relating to operation of service stations by refiners. (BDR 52-1071)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to service stations; revising certain provisions relating to the operation of service stations by a refiner; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 597.440 is hereby amended to read as follows:
2 597.440 ~~{1. Except as otherwise provided in this section and~~
3 ~~NRS 597.443 and 597.446, on or after July 1, 1997, a refiner may~~
4 ~~commence, with his own employees or through a subsidiary or~~
5 ~~commissioned agent or a person on the basis of a fee, the direct~~
6 ~~operation of the following number of additional service stations~~
7 ~~during the calendar years so indicated:~~
8 ~~—(a) By the end of calendar year 1997, a total of two service~~
9 ~~stations in addition to the number of service stations directly~~
10 ~~operated by the refiner on July 1, 1997.~~
11 ~~—(b) By the end of calendar year 1998, a total of six additional~~
12 ~~service stations in addition to the number of service stations directly~~
13 ~~operated by the refiner on July 1, 1997.~~
14 ~~—(c) By the end of calendar year 1999, a total of 10 additional~~
15 ~~service stations in addition to the number of service stations directly~~
16 ~~operated by the refiner on July 1, 1997.~~
17 ~~—(d) After the end of calendar year 1999, a total of 15 additional~~
18 ~~service stations in addition to the number of service stations directly~~
19 ~~operated by the refiner on July 1, 1997.~~



1 ~~—2.~~ On or after January 1, 2001, a refiner who engages in the
2 direct operation of:

3 ~~[(a)] 1.~~ Less than 30 service stations in this state, with his own
4 employees or through a subsidiary or commissioned agent or a
5 person on the basis of a fee, may commence the direct operation of
6 not more than ~~[five] 5~~ additional service stations per calendar year,
7 but in no case may he commence the direct operation of more than
8 30 service stations without complying with the provisions of
9 ~~[paragraph (b)].~~

10 ~~—(b)] subsection 2.~~

11 2. At least 30 service stations in this state, with his own
12 employees or through a subsidiary or commissioned agent or a
13 person on the basis of a fee, may commence the direct operation of
14 additional service stations per year, with his own employees or
15 through a subsidiary or commissioned agent or person on the basis
16 of a fee, only if, during the year in which the service stations are
17 added, he leases, in addition to the number of service stations leased
18 by the refiner to lessee dealers on July 1, 1997, at least ~~[one] 1~~
19 additional service station to a lessee dealer for every ~~[two] 2~~ directly
20 operated service stations added. For the purposes of this
21 ~~[paragraph.] subsection,~~ an additional service station leased by the
22 refiner to a lessee dealer before the refiner engages in the direct
23 operation of at least 30 service stations shall be deemed to be ~~[one]~~
24 *1* service station leased to a lessee dealer during any year following
25 the year in which the refiner engages in the direct operation of at
26 least 30 service stations.

27 ~~[3.—A refiner may operate a service station for not more than 90~~
28 ~~days if the:~~

29 ~~—(a) Retailer voluntarily terminates or agrees not to renew the~~
30 ~~franchise; or~~

31 ~~—(b) Franchise is terminated by the refiner pursuant to NRS~~
32 ~~597.270 to 597.470, inclusive.]~~

33 **Sec. 2.** NRS 597.450 is hereby amended to read as follows:

34 597.450 *1. If a refiner is unable to commence the direct*
35 *operation of a service station because of the restrictions set forth*
36 *in NRS 597.440, the refiner may operate the service station*
37 *temporarily for not more than 180 days if:*

38 *(a) The retailer voluntarily terminates or agrees not to renew*
39 *the franchise for the service station; or*

40 *(b) The franchise for the service station is terminated by the*
41 *refiner pursuant to NRS 597.270 to 597.470, inclusive.*

42 2. During the temporary operation of a service station by a
43 refiner, the refiner may sell motor vehicle fuel to other retailers in
44 the marketing area of that service station at a price not less than 4



1 cents below the retail price of fuel at the service station he is
2 operating.

3 **Sec. 3.** NRS 597.443 and 597.446 are hereby repealed.

TEXT OF REPEALED SECTIONS

597.443 Refiner prohibited from operating service station which was leased by refiner to lessee dealer on or before July 1, 1997. On or after July 1, 1997, a refiner shall not commence the direct operation of a service station with his own employees or through a subsidiary or commissioned agent or a person on the basis of a fee, if that service station is leased by the refiner to a lessee dealer on or before July 1, 1997.

597.446 Restrictions on sale of service station by contract dealer to refiner; restrictions on operation by refiner of service station purchased from contract dealer; exception.

1. A contract dealer shall not, on or before July 1, 1998, sell a service station which he operates to the refiner with whom he has entered into a franchise agreement.

2. Except as otherwise provided in subsection 3, if a contract dealer sells a service station to a refiner in compliance with subsection 1, the refiner may not engage in the direct operation of that service station with his own employees or through a subsidiary or commissioned agent or a person on the basis of a fee.

3. On or after July 1, 1998, a contract dealer may authorize a refiner to whom he has sold a service station to engage in the operation of that service station directly with his own employees or through a subsidiary or commissioned agent or person on the basis of a fee, by sending a notice to the refiner, by certified mail, return receipt requested, offering the refiner to engage in the operation of the service station in such a manner. The contract dealer may, at any time before the refiner accepts such an offer, rescind the offer by sending a notice of rescission to the refiner by certified mail, return receipt requested.

4. The provisions of this section do not apply to a contract dealer who operates or has previously operated three or more service stations.

5. As used in this section, "contract dealer" means a retailer who operates a service station pursuant to a franchise agreement if the service station is not leased to the retailer by the refiner with whom the retailer has entered into the franchise agreement.

