

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON GROWTH AND INFRASTRUCTURE**

**Eighty-Second Session  
March 30, 2023**

The Committee on Growth and Infrastructure was called to order by Chair Howard Watts at 1:33 p.m. on Thursday, March 30, 2023, in Room 3143 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 [www.leg.state.nv.us/App/NELIS/REL/82nd2023](http://www.leg.state.nv.us/App/NELIS/REL/82nd2023).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Howard Watts, Chair  
Assemblywoman Tracy Brown-May, Vice Chair  
Assemblyman Max Carter  
Assemblywoman Jill Dickman  
Assemblywoman Danielle Gallant  
Assemblyman Bert Gurr  
Assemblywoman Heidi Kasama  
Assemblywoman Elaine Marzola  
Assemblywoman Brittney Miller  
Assemblyman Cameron (C.H.) Miller  
Assemblywoman Sarah Peters  
Assemblywoman Shondra Summers-Armstrong

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Melissa Hardy, Assembly District No. 22  
Assemblyman Gregory T. Hafen II, Assembly District No. 36

**STAFF MEMBERS PRESENT:**

Jann Stinnesbeck, Committee Policy Analyst  
Jessica Dummer, Committee Counsel  
Connie Barlow, Committee Manager

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Kathy Biagi, Committee Secretary  
Garrett Kingen, Committee Assistant

**OTHERS PRESENT:**

John Karakoulakis, representing The Western Way  
Greg Esposito, Public Relations and Government Affairs Director, United Association of Plumbers, Pipefitters and Service Technicians Local 525; and representing Nevada State Pipe Trades  
Gabriela Olmedo, Policy Associate, Advanced Energy United Organization  
Isaac Hardy, representing Nevada Conservation League  
Susan Fisher, representing CYRQ Energy  
Tony Simmons, Private Citizen, Las Vegas, Nevada  
Ben Serrurier, Government Affairs and Policy, Fervo Energy  
Bari Levinson, representing Toiyabe Chapter, Sierra Club  
Patrick Donnelly, Nevada State Director, Center for Biological Diversity  
James A. Settelmeyer, Director, Department of Conservation and Natural Resources  
Warren B. Hardy II, representing Nevada Pic A Part  
Eric Larkin, Owner, Nevada Pic A Part, Las Vegas, Nevada  
Andrew MacKay, Executive Director, Nevada Franchised Auto Dealers Association

**Chair Watts:**

[Roll was taken. Rules and protocols were explained.] We have all members present, we have a quorum, and we have two bill hearings on our agenda. We will start with the first bill which is Assembly Bill 315. With that, I will open the hearing on A.B. 315, which establishes various provisions relating to geothermal energy. Welcome back to the Committee, Assemblywoman Hardy.

**Assembly Bill 315: Establishes various provisions relating to geothermal energy. (BDR 58-947)**

**Assemblywoman Melissa Hardy, Assembly District No. 22:**

I am here today to present Assembly Bill 315, which establishes various provisions relating to geothermal energy. With me today to present this bill is John Karakoulakis from The Western Way. With your permission, I will provide some background information and then I will hand it over to Mr. Karakoulakis, who will go through the amendment and give his remarks.

The purpose of A.B. 315 is to start the conversation on cutting down on red tape and providing educational resources to developers to promote the growth of the geothermal industry in Nevada. As we move towards a sustainable future, it is crucial to embrace all forms of renewable energy, including geothermal, to diversify our energy portfolio and reduce our reliance on fossil fuels. Nevada, with its abundant geothermal resources, stands at the forefront of this energy revolution. The state's unique geology, characterized by a high

concentration of geothermal reservoirs, makes it an ideal candidate for harnessing the earth's natural heat for electricity generation. Already, Nevada ranks as one of the top geothermal energy producers in the United States with several operational geothermal power plants.

Geothermal energy has several advantages over other forms of renewable energy. Unlike solar and wind energy, which are intermittent and depend on weather conditions, geothermal energy is available 24/7, providing a reliable source of energy that can meet our energy needs year-round. Additionally, geothermal energy does not produce greenhouse gas emissions, which makes it a clean and sustainable alternative to fossil fuels. The environmental effects of geothermal energy depend on how geothermal energy is used or how it is converted to useful energy. Direct-use applications and geothermal heat pumps have almost no negative effects on the environment. In fact, they can have a positive effect by reducing the use of energy sources that can have negative effects on the environment. To ensure that geothermal energy reaches its full potential, we need to encourage streamlining local permitting processes. By simplifying and expediting the approval process for new geothermal product projects, we can accelerate the deployment of this technology and attract more investment in this sector. This, in turn, will create jobs, spur economic development, and help Nevada to remain a leader in the renewable energy landscape. With that, Nevada can further capitalize on its unique geothermal resources. By doing so, we can pave the way for a cleaner, more sustainable, and prosperous future for our state, our nation, and our planet. Now I would like to turn it over to my copresenter. He will give some information and then go through the bill which you will see is an amendment [[Exhibit C](#)]. We are not working off the original bill.

**John Karakoulakis, representing The Western Way:**

I am with the organization The Western Way. We are a nonprofit organization that works across Western states, engaging in what we see as commonsense policies on conservation and energy policies. I am here today to walk through the amendments that we are proposing on [A.B. 315](#). But first I would like to thank Assemblywoman Hardy for working with all the public and private stakeholders to come up with this amendment and get the ball rolling on expanding geothermal across Nevada. We have seen a concerted effort in other states: from Texas, New Mexico, and Colorado. They are putting resources, incentives, and educational activities towards geothermal and all aspects of it, from utility scale to enhance geothermal, heat source pumps, and things like that. A lot of that is being driven by the federal funds that are available and expected to be coming out. I think that is where we are trying to land to ensure Nevada stays at the top and is able to utilize all the great geothermal resources in the state. I want to give a quick run-through of the amendment [[Exhibit C](#)].

We are basically retaining section 1 of the bill, which would have the director of the Office of Energy, Office of the Governor, coordinate with local governments and representatives of the geothermal industry to recommend the best practices for issuing permits for the use and development of geothermal and how those processes, siting, and permits can be streamlined to speed up the development. I think we have seen this from various energy sources in terms of transmission. Getting things permitted is a major hindrance, and we really need to do what we can to try to speed that process up. The amendment proposes to retain section 27 of

the introduced bill with a slight change in directing the Department of Conservation and Natural Resources, not the Governor's Office of Energy, to conduct a study during the 2023-24 interim concerning the expanded use of geothermal in the state and submit a report of its findings to the director of the Legislative Counsel Bureau for transmittal in the 83rd Session of the Legislature.

The amendment would remove sections 2 through 26 of A.B. 315. Lastly, we would encourage the director of the Office of Energy to apply for federal grants related to geothermal resource development. As I mentioned, there are a lot of funding opportunities available, and I wanted to highlight that in the bill. Nevada would be looking to apply for those where applicable and when it makes sense. Obviously, no two states are the same, but we think this is a good process and a good framework to move geothermal forward for Nevada. I will turn it back to Assemblywoman Hardy.

**Assemblywoman Hardy:**

That is our presentation, and we are happy to answer any questions at this time.

**Assemblywoman Summers-Armstrong:**

Where would you pinpoint the geothermal? We get our electricity from the wall, and we do not necessarily know how it is created. Could you explain how this works?

**John Karakoulakis:**

Not to go too much into the wonky details, but essentially geothermal taps heat underneath us. It pipes in water, and can heat that. It can bring the water back and convert that energy from the earth, and use it in electricity at its basic form. Nevada sits on a vast amount of geothermal potential. I think about 9.4 percent of Nevada's electricity is currently coming from geothermal, and that could increase. That is about 235 megawatts of electricity. The potential, they say, is about 3,700 megawatts of electricity. So there is a lot to tap. There are a lot of neat technologies going into the field right now. From hydraulic fracturing in the oil and gas industry, we have learned a lot more on how to access the heat and use better drilling techniques to access it more efficiently. The federal government in Utah has about a \$200 million investment. It is called the Forge Project, and it is really looking at enhanced geothermal. It can be at shallower depths, and it can be quicker to get these wells developed. I would say it is a very promising field, and we see this study as really helping ensure that Nevada remains a leader in it.

**Assemblywoman Summers-Armstrong:**

This is the kind of stuff that someone like me really wants to know when we are talking about using these advanced practices. You mentioned fracturing, which obviously has a lot of potential but has shown in other parts of the United States that we have had issues with fracturing causing earthquakes and tremors where we did not have them before. Water systems have been contaminated. Those are things I am concerned about, and I would like to know if they are going to be delineated out as part of the study that you want to have done.

**John Karakoulakis:**

Yes, I think the idea of the study would be to look at the impacts as well as the benefits and see where those are, along with the information from the federal projects and private projects as well. There is a lot of information to glean if there are concerns. Again, I do not want to overstate too much the utility scale. There are also residential and commercial applications of heat pumps that are considered geothermal that do not require large wells at all.

**Assemblywoman Hardy:**

I would add that the intention of the study group is bringing people together, including the stakeholders who work in the space. They can address those various concerns and issues as one group discussing all those things.

**Assemblyman Cameron (C.H.) Miller:**

You talk about the different groups that will be involved. Can you speak to who the different stakeholders are and who would participate in the study?

**John Karakoulakis:**

I think we would aim to cast a pretty wide net from the public and private sectors and get feedback from a wide variety of existing interest in geothermal. We would also want community members who have an interest or any concerns. I think we have talked on the state side with the agencies that are engaged in this already as well as some of the trade associations and other interest groups.

**Assemblyman Cameron (C.H.) Miller:**

When you talk about the community perspective, have you outlined sectors of the community yet that you might be looking for? Have you started to put together that list of who you need from the different public, private, and community-level sectors?

**Assemblywoman Hardy:**

No. In the bill, we did not provide a specific list of those people because we want to reach out to different folks and build that group. We do not want it to be prescriptive in the bill. That is why it is not delineated in the bill.

**Assemblyman Cameron (C.H.) Miller:**

I appreciate that. I think it is a good idea to have it as broad with as many people participating as possible. I have learned since being here that sometimes you have to be specific in the legislation as to who participates to ensure that you are getting all the necessary voices to the table. I would rethink that approach and see if there is a way you can narrow down or line out more specifically whom you want to target but also leave it open to add people. Overall, I think you should have some very specific people groups within the bill to identify who needs to be a part of the study.

**Assemblywoman Hardy:**

I appreciate that and am happy to discuss that with the Chair as to what groups we should have and how to address that. We are happy to talk about that.

**Chair Watts:**

Thank you, and I am glad to follow up on that. I think individuals on this Committee and I have worked on some other studies, and may have ideas that might be relevant for consideration. Next, we will go to Assemblywoman Peters.

**Assemblywoman Peters:**

This is an interesting bill. I think geothermal has definitely caught the imaginations of homeowners and industrial applications, especially in a state like ours where we really are living in areas where the ground acts as a heat sink for a lot of the year. I have some questions about what the intention of and how you think that this study is going to focus. What are the issues that might come up during that study and what is the expectation when it returns to us next session? There is a difference between the use of geothermal energy and the impact that it would have on the state. That is an economic conversation versus the environmental conversation, which is really where the permitting comes into play. So, in the conceptual amendment and the context of the study, can you tell us a little bit about how you envision that study, including these two balancing pieces?

**John Karakoulakis:**

I think we would foresee it having both the benefits and the impacts. We would look at the full scope of it and ask, Does it make sense to streamline permitting processes? Should there be different processes? It seems like geothermal is poised to take off here, and I think this would help make sure we do it right and make sure the safeguards are in place, but also that it does not take off because there is not the kind of environment companies want to come into. Looking at other states, Colorado just created a \$30 million incentive program for geothermal development and kind of a cost share. They are putting serious dollars towards it. I think we want to make sure the study looks at that and sees that economic side as well as the other impacts.

**Assemblywoman Peters:**

I work in the permitting world. I feel like I am beating a dead horse in this building because I have talked about this 800 times over the last two weeks. I think when it comes to the red tape around these types of projects, sometimes it is just in the transparency of expectations between the parties, the proponent of the project, and the regulatory agency. In this case, it might be worth consulting with the State Department of Conservation and Natural Resources as to what areas we should point to in the statute as being reviewed in this process so that we can tie in the interest of both sides and determine how to overcome those red tape burdens that you mentioned earlier. I would be interested in seeing that. I think a better directive for the study could be helpful in getting a functional report at the end that helps us know where we should go instead of having an amorphous-like economic conversation exclusively.

**Assemblywoman Hardy:**

Thank you, I appreciate your insight. That is exactly the intent we want moving forward. I think it has been said several times that this interest is across the country. This source of energy is coming, and Nevada is poised to be a leader in this. We want it to move forward

both efficiently and responsibly, so I totally agree with you. When we come back, we need to have something laid out as to how we can address both of these issues and be ready to promote and encourage that type of energy.

**Assemblywoman Brown-May:**

I would like a little bit of clarification. Is there an example of a study you are moving toward that has been done somewhere else? Do we have any kind of a sample document that would begin to point you in the direction you are heading to give us a little bit more clarity? Secondly, it says here we are going to transmit the report to the Legislative Counsel Bureau for the 83rd Session of the Legislature. In my experience, we have often done studies in the state that come to the Legislature, but then end up on a shelf or not utilized. I am curious to know if there are potential stakeholders whom we should be sharing this information with or posting on a website for public information so we do not lose the results of the study?

**John Karakoulakis:**

To answer the first part regarding potential studies, right now the Western Governors Association is compiling an initiative that the Colorado governor came up with. It contains policy recommendations and studies on geothermal and will be out this summer. I think we see that as a good format and a very helpful combining of federal and state policy, concepts, and ideas and is a good snapshot of where we are. Texas recently published an in-depth report. It is probably more about the resources and things that are available, but it is a very in-depth look at geothermal in the state and identifies opportunities, policy, roadblocks, and things like that. I think there are definitely some studies out there. We hope to find more as we dig into it, and I would be happy to send those to you. I agree that no one wants to see another report just sit on a desk. Given the interest from industry and where geothermal is moving, I think this would get a lot of interest outside the building. We would certainly be willing to do everything we can to help publicize it and get it out there.

**Assemblywoman Hardy:**

I agree. We do not want a study that we are doing for the exercise of doing it. I also agree with the point that geothermal is going to keep advancing. I do not see that this would lead to nothing. Absolutely, wherever we need to share the report is what we want to do so that this moves forward.

**Chair Watts:**

Are there additional questions from the Committee? [There were none.] I have a couple, following up on some of the things that were brought up by the Vice Chair. Do you have in your initial conversations any sense of the timeline for the completion of this study? Is it something that is anticipated to be completed closer to the end of the next interim? If yes, it would go to the Legislature shortly before it convenes. Is this something that might be done a bit sooner in the interim? Then there might be a little bit of opportunity to review those recommendations and any possible policy changes either during our legislative interim process or before most of our bill draft requests are due.

**Assemblywoman Hardy:**

My hope would be that yes, we could get the makeup of the group together and then start discussing this. This is, you know, quite a large topic to be discussing and there are a lot of interested parties. I would like to get that information input so that, just to your point, when we are thinking about policy it is vetted out before we get into a legislative session. It would be my hope that it would be set up and started by sometime in 2023 so we have more time and are not close to session, trying to figure out what is good policy and what is not. That would be my hope and intention.

**Chair Watts:**

We can follow up on some of the details and make sure it gets to the relevant Growth and Infrastructure Committee, whether that is in the interim, to make sure that some of the folks who are going to be involved on these issues moving forward have that information as well. One of my other questions is something I want more clarification on. You mentioned heat pumps. I think a few of the members on this Committee have visited the Peppermill Hotel Resort in Reno, which has a geothermal heating system. Would you consider geothermal heat systems and not only the generation of electricity through geothermal power to be within the purview of this bill?

**John Karakoulakis:**

Yes, we would take that broad approach. There is a lot of new technology coming online as well, so we want to leave it more broad than narrow.

**Chair Watts:**

I appreciate that. We see two agencies noted here, the Department of Conservation and Natural Resources (DCNR), as well as the Governor's Office of Energy. I know that we also have someone from the Division of Minerals here. I know there has also been some research done through our Bureau of Mines and Geology, Public Service Division, Nevada System of Higher Education. Could you briefly talk about, specific to the bill, why the specific entities are referenced in the specific sections? For example, why is DCNR, not the Governor's Office of Energy, tasked with carrying out the study? Do you have any other high-level thoughts about the different state agencies that are involved in geothermal?

**John Karakoulakis:**

We are trying to be as pragmatic as possible to the kinds of different components and which agencies would be involved. We reached out to those agencies and talked with them. I think we would be open to changes if needed or if it was not the right fit. This was the initial best take to putting the study with the best agency as possible.

**Assemblywoman Hardy:**

We have met with those groups that you mentioned as the stakeholders in working on this bill. As far as the federal funds go, the Office of Energy is already going to be engaged in applying for those funds. Just to make sure that they are, this is on their radar for those



funds. As to where to house the study, there have been ongoing conversations about where it should be and who will be able to best carry it out. We are still talking about that. We are open but we want to be located where it can actually be done, and that we are ultimately focusing on the goals and then the intent of the legislation.

**Chair Watts:**

Wonderful. Thank you so much for that additional information. Seeing no other questions, we will open testimony in support of A.B. 315. Anyone wishing to provide testimony in support either here in Carson City or in Las Vegas, please come forward and begin when you are ready.

**Greg Esposito, Public Relations and Government Affairs Director, United Association of Plumbers, Pipefitters and Service Technicians Local 525; and representing Nevada State Pipe Trades:**

It is one of our priorities to add an increase in the amount of geothermal in energy portfolios across the country. I appreciate the bill sponsor meeting with me so we can discuss the bill and the adding of geothermal to Nevada's portfolio. I look forward to working with her and potentially the stakeholder group that is getting put together to bring this resource to Nevada. Thank you very much.

**Gabriela Olmedo, Policy Associate, Advanced Energy United Organization:**

We are a clean energy business association working to make the energy we use clean, affordable, and reliable. We represent over 100 companies across the clean energy spectrum, such as large-scale renewables, solar storage, energy efficiency providers, electric vehicle companies, and geothermal developers. I am speaking on behalf of our association to express support for A.B. 315 with the conceptual amendment [[Exhibit C](#)]. Geothermal will be a key electric base load resource for the future grid of Nevada. This resource is one which Nevada has in abundance and a unique competitive advantage. Developing it will be critical to ensuring a reliable and affordable clean energy future. This bill addresses a few issues that the industry sees as essential for adoption of this innovative technology. First, permitting can impede growth. This bill takes important steps towards addressing that barrier. Second, an interim study is a great step forward in planning the use of this technology which we expect will prove to be a major resource in Nevada. Finally, this bill takes advantage of the unprecedented federal funding moment before us to lower the cost of development, and therefore lower costs for Nevada ratepayers. Making best use of these incentives is vital to ensuring the industry can and will invest in and come to Nevada. We are excited to see this bill as a signal for a geothermal-ready Nevada. Thank you for your consideration and thank you to Assemblywoman Hardy for bringing this important bill forward.

**Isaac Hardy, representing Nevada Conservation League:**

We just want to echo the comments you have heard here today and thank Assemblywoman Hardy for sponsoring this bill. We support it.

**Susan Fisher, representing CYRQ Energy:**

I am speaking today on behalf of CYRQ, which is an international geothermal company, and we operate in Nevada under the name of Avalon. We currently serve 105 homes in southwest Reno with geothermal heat. It is just heat exchange as we purchase municipal water and run the pipes next to each other. It is on a flat rate where we are a regulated utility, but it is regulation light because our rates are tied to that of natural gas, so it goes up and down as natural gas prices vary. These particular customers get a flat rate. A lot of them have swimming pools and pipes underneath their sidewalks and driveways.

We support this bill. Geothermal has sort of been treated as a redheaded stepchild in this state for a long time. We have not enjoyed the same sorts of incentives as wind and solar have, and we support anything that is going to help promote geothermal. We are also working with the city of Reno on the new swimming pool and community facilities that they are developing in Reno. There is a swimming pool that over 100 years ago was heated with geothermal heat. It degraded over time: the pipes degraded because they did not use heat exchange. They just pumped the cruddy water into the pool, but now this will be used with heat exchange. We also are under contract with the Reno-Sparks Convention and Visitors Authority to provide geothermal heat for space heating and water heating for that facility as well. We thank the Assemblywoman for bringing this forward, and we look forward to working with her on this.

**Tony Simmons, Private Citizen, Las Vegas, Nevada:**

I fully support this, and I would like to address two comments that were made. There was a concern about earthquakes due to fracturing. Here in Nevada, we had a shortage of earthquakes from the sixties to the nineties, so we made our own out at the Nevada test site. We had 900 earthquakes. We had two a week and we survived them real well. The other issue is contamination. They have been using similar technology for deep-sea oil exploration for decades. They have pretty well got the issue of contamination figured out from the oil industry. A lot of the concerns we have, have already been resolved. We just do not realize it. Thank you very much.

**Chair Watts:**

Thank you. Not seeing anyone else in Las Vegas at this time and nobody else in Carson City, do we have anyone wishing to provide testimony in support of A.B. 315 by phone?

**Ben Serrurier, Government Affairs and Policy, Fervo Energy:**

We are enhanced geothermal energy developers with significant resource holdings in Nevada and a growing office in Reno. We support A.B. 315 with the amendment as addressed earlier. I want to thank Assemblywoman Hardy for her leadership on this bill. Nevada has long been a leader in geothermal, and new technical innovation and the demand for 24/7 clean energy are creating huge new opportunities for growth.

Fervo Energy is currently completing our first commercial-scale enhanced geothermal drilling project near Winnemucca, which will help provide clean energy to power Google data centers later this year. In the coming years, we are excited about making significant

investments in utility-scale enhanced geothermal energy projects in Nevada. Geothermal, as has been mentioned before, is clean, reliable, and has a small footprint and a well-developed American-based supply chain and workforce.

Fervo supports A.B. 315. We look forward to working with the sponsor members of the Committee and all stakeholders in a bipartisan approach to helping Nevada maintain and grow its position as a clean, firm energy powerhouse. Thank you.

**Chair Watts:**

Do we have any other callers wishing to testify in support? [There were none.] Is there anyone in Carson City or Las Vegas wishing to testify in opposition? [There was no one.] Are there any callers wishing to testify in opposition?

**Bari Levinson, representing Toiyabe Chapter, Sierra Club:**

I am a volunteer member of the Sierra Club's legislative committee. On behalf of the club and more than 30,000 members and supporters statewide, I am speaking in opposition to A.B. 315. Assembly Bill 315 creates a geothermal energy system demonstration program which will help jump-start Nevada's geothermal industry. Sierra Club generally supports geothermal energy, as long as these facilities are developed with strong environmental controls. Geothermal in Nevada has the potential to contribute low-carbon- emission-based energy, and it is definitely preferable to fossil fuel or nuclear-powered plants.

Our main reservation about this bill is that the demonstration program does not seem to take into account adverse effects on the environment. Geothermal plants can have tremendous adverse effects on surface water resources, and any study of the technology needs to critically analyze where we should and should not be building these projects. We believe this study should involve participation of relevant stakeholders, including wildlife biologists, hydrologists, environmental groups, Indigenous tribes, and independent scientists. We are also concerned about the streamlined approval process that might encourage speed over adequate review of the negative impacts of a geothermal plant. In summary, Sierra Club opposes this geothermal demonstration program because it does not seem to take into account the effects on the environment, Indigenous interests, and wildlife. We could support the bill if it is amended to include these concerns. Thank you. [Written testimony was also provided, [Exhibit D](#).]

**Chair Watts:**

Do we have any additional callers in opposition? [There were no callers.] With that, we will move to testimony in the neutral position on A.B. 315.

[Exhibit E](#) was submitted in opposition to A.B. 315 but was not discussed and will become part of the record.]

**Patrick Donnelly, Nevada State Director, Center for Biological Diversity:**

I have not testified in this Committee before. We are a nationwide nonprofit, and we have had a 20-year presence in Nevada fighting for endangered species. We are in neutral on

this bill. We have been working on geothermal energy quite extensively in recent years and starting to probe some of these environmental impacts from geothermal energy. You know, it turns out there is an extensive body of peer-reviewed literature that shows geothermal energy frequently drying up hot springs that it is sited near. Hot springs are oases of biodiversity in Nevada. There are many species that rely on the ecosystems formed by hot springs. In recognition of this, the U.S. Fish and Wildlife Service recently designated the Dixie Valley toad, a hot spring-dependent toad in Churchill County, as endangered under the endangered species list because of a geothermal power plant proposed to be built right next to it. In Gerlach in northern Nevada, there is currently a lawsuit by local residents because there is a geothermal power plant proposed for right in their town in Gerlach and that can have social impacts on people in their homes.

We support geothermal energy and renewable energy, but we support putting it in the right places. There is the right place and the wrong place, and without a plan we do not know where those right and wrong places are. Right now, it has kind of been the Wild West on geothermal permitting on Bureau of Land Management land with associated negative impacts including listing species under the Endangered Species Act that do not need to be listed but for this inappropriately sited geothermal power project. We think a study on the best places and the best ways to develop geothermal energy is critically important, and we will get to support of this bill if language is inserted to ensure that environmental impacts and an appropriate range of stakeholders are brought into the study. This seems like a really important step for Nevada to advance geothermal energy while limiting environmental impacts, limiting environmental litigation, and limiting conflict that comes around inappropriate siting. We are happy to work with the bill sponsor and we hope to get to a yes on this bill.

**James A. Settelmeyer, Director, Department of Conservation and Natural Resources:**

We are neutral with concerns on the bill, specifically within section 3 of the original bill. The Department was not inside of this bill. This amendment now brings us into it. In that respect, the Governor has issued Executive Order 23-007, calling for a very diverse energy portfolio including geothermal. According to the U.S. Energy Administration, Nevada currently sits as number two in geothermal after California. We have tremendous potential within the state. But within that aspect, one of the divisions that is within our Department is the Division of Environmental Protection (NDEP), whose job it is to regulate this industry. More specifically, they issue the underground injection control permits. In that respect, being regulatory, we feel it is improper to have us be a stakeholder within the discussion, for we should not be putting forth an industry or putting down an industry. We are the regulators of it. In that respect, we would respectfully request it be left within the Office of Energy, Office of the Governor. I have had discussions with Mr. McClinton on that. We are trying to find a more logical place for it to be housed. This objection, of course, came internally from the head of NDEP, Jennifer Carr, and I agree with it. It would be improper in that respect.

We are supportive of the concept. In that respect, in many respects, I am here right now at the table to make sure I am not on the menu. That being said, I do agree with the concept of trying to delineate the groups. Hopefully, the list is not completely exclusive because there is always a danger you will leave someone out. I do agree with Assemblywoman Summers-Armstrong and Assemblyman Cameron (C.H.) Miller. Trying to discuss a lot of that scope from the Division of Minerals, from NDEP, to the industry, to even the Division of Water Resources, tribes, of course, NACO [Nevada Association of Counties], and local communities. But I would be hesitant to ever say that is the end of said list. If you wish, Mr. Chair, I am more than willing to take questions at this time.

**Chair Watts:**

Thank you very much for your remarks, Director Settlemeyer. You sounded almost like the Director of the Office of Energy for a second. You did very well. As far as lists, that is why we have the words "including but not limited to." Members, do you have any questions for the Department?

**Assemblywoman Peters:**

I just want to clarify what you said. You do not think the Department of Conservation and Natural Resources should be where the study is conducted. It should be conducted under the Office of Energy?

**James Settlemeyer:**

Yes. In discussions with Dwayne McClinton, we are trying to find a better place to house that if he does not have the bandwidth or staff necessary to accomplish it. Obviously, our bailiwick with an in-depth study is the regulation of it, and currently we are 24 percent understaffed. I would hate to pull someone away from being a regulator to have further discussion of the industry. Obviously, we would be involved to the best of our ability to provide information, so everybody is making the best calculations at that time.

**Assemblywoman Peters:**

That was going to be my second follow-up. But that does not mean you want to be removed from being included in the study. You would like to be included as expertise in the regulatory world, but not as the conductor of the study.

**James Settlemeyer:**

Correct, Assemblywoman.

**Chair Watts:**

Seeing no other questions, thank you very much, Director. Do we have anyone else wishing to provide neutral testimony on A.B. 315? [There was no one.] Assemblywoman, would you like to make any closing comments?

**Assemblywoman Hardy:**

In closing, I want to mention some of the comments that were brought up in the testimony. I think they point to the reason for the study: we can allow geothermal energy to move

forward in an efficient and responsible manner and address a lot of those concerns, so it does not get out ahead of us and then we are coming back and are behind with problems and issues. That is the exact reason for having the study. In regard to where to house the study, we will figure that out, and also who we want to be on this committee.

I would like to thank you again for hearing [A.B. 315](#). We will continue to work with stakeholders to ensure we have a viable working product. During the interim, it is my hope to create a working group with public and private stakeholders to promote the widespread adoption of geothermal energy across all sectors from residential to commercial and industrial. I would urge your support of this important legislation in the development of geothermal energy in Nevada. I thank you for the input that was given and for your time today.

**Chair Watts:**

Thank you for your presentation, Assemblywoman. We look forward to working with you to adjust the language based on some of the feedback that was heard today. With that, I will close the hearing on [A.B. 315](#), and I will open the hearing on [Assembly Bill 384](#) which revises provisions governing motor vehicles. Welcome back to Assemblyman Hafen and Mr. Hardy.

**[Assembly Bill 384](#): Revises provisions governing motor vehicles. (BDR 40-725)**

**Assemblyman Gregory T. Hafen II, Assembly District No. 36:**

I am here with former Senator Warren Hardy following Assemblywoman Hardy, so thank you for the family day. We do appreciate combining the meetings. Today we are here to discuss [Assembly Bill 384](#) related to governing of motor vehicles, specifically trying to make it easier for people to obtain titles more easily than having to go to the Department of Motor Vehicles (DMV) and go through the whole salvage vehicle process. Having said that, you should have a conceptual amendment that was provided to you via the Nevada Electronic Legislative Information System (NELIS) [[Exhibit F](#)]. I am going to have former Senator Warren Hardy go through the conceptual amendment.

**Warren B. Hardy II, representing Nevada Pic A Part:**

Thank you to Assemblyman Hafen for his willingness to bring this forward. I have Eric Larkin in Las Vegas who runs Nevada Pic A Part. The bill before you today is not right and that is not the Legislative Counsel Bureau's (LCB) fault. That is my fault; LCB is currently working on an amendment. I did provide an amendment [[Exhibit F](#)] that should be on NELIS, which absolutely proves that I did not get anywhere near law school, but it is a very high-level example of what we are trying to do with this legislation.

My clients have been in business in Las Vegas for many, many years. Our business model is we buy vehicles that are essentially determined in most cases to be end of life, a vehicle that has been damaged in an accident, although most often, we try to find vehicles that are in decent shape. I do not want to jump too far forward on the pictures I sent you, but on the very last page [page 5, [Exhibit G](#)] you will see in the background cars that are sort of up on

stands. What we do is allow people to come in, pay us two or three dollars—I do not know what it is now—and they go into the yard and pull the part they need off the car and then are able to buy it at a significant discount because they took the time to pull it off themselves. When those vehicles are picked over or are on the lot for a certain amount of time, they are discarded. The vehicle identification numbers are killed on them. They are no longer active vehicles for purposes of use on the road, and we then sell them to a recycling company to be recycled.

In the last several years, as the economic downturn has hit, we have always gotten cars in that are generally in pretty good shape. They may have a blown transmission, they may have a blown engine, or they may have some other problem with them. We put them on a lot, we put them up on the stands, and people pick them apart. In the last 10 or 15 years, as the economy has struggled, we have had more and more incidents where customers will come in and say, Can I just buy that truck? I just want that truck. I will fix it. It needs an engine. I get it. It needs a transmission. I get it. I will fix it. Can I buy the truck? We have to tell them, You can buy the truck, but we can only sell it to you on a salvage title or a nonrepairable title. In most cases, these would be sold on salvage titles. The title cannot be registered by DMV. It can be operated on the street as a salvage or as a salvage vehicle, but the title is what we call branded. So now it is stuck on that title forever. That is a branded vehicle. The problem with that is if you go to resell that vehicle, even though there is nothing wrong with it, it is branded as a salvage title, and it absolutely devastates the value of the vehicle. It cuts it in half, sometimes worse. And so that is what we are here to address today as we get more and more folks who are saying, I just need reliable transportation.

In the past, it was more or less hobbyists who would say, That is an '85 Caprice. I want to restore that. But now we are actually seeing folks come forward to say, I need to get back and forth to my job and I will fix that truck. Let me give you an example, using the pictures you have in front of you [[Exhibit G](#)]. The first three pictures are of a 2008 Dodge Ram pickup with a blown engine that is sitting on our lot. You can see it is a perfectly good truck with a blown engine. Somebody will come up to us and say, I do not need a part off that truck, I want that truck. I will buy an engine. They can buy an engine from us for \$500. Now buying an engine from us, there is no guarantee; what we guarantee is that it is a rebuildable engine. It might be a good engine, or it might not, so customers are kind of rolling the dice on that \$500. If you buy a remanufactured engine for this truck, it will cost more. I had my client look one up this morning from AutoZone that is \$2,500. This vehicle has a Blue Book value currently in the condition that it is in, in the neighborhood of \$12,500. You would buy this from us for probably in the neighborhood of \$5,000, maybe \$6,000 because it is a pretty clean truck. Then you put an engine in it for \$2,500. So now you have \$7,500 to \$8,500 into it and you have reliable transportation. You have a good vehicle that is worth \$12,000. If it has a salvaged title on it, however, and you go to sell it, it is not going to be worth the money you put into it.

The fourth picture is of a Dodge Challenger which has a bad fuel pump [page 4, [Exhibit G](#)]. Now, why would somebody not fix a bad fuel pump? On a Dodge Challenger, there are two fuel pumps, and it is very, very expensive. Somebody had obviously taken this to the

mechanic. They gave him a price. He said, I am going to buy a new car anyway. He just brought it to us. Occasionally, we will get cars like this that have been given to a charity. You have seen where the charity will say, bring us a car. We will take those cars that they are not able to sell because they are not running, they are not operating, and they will be in this kind of condition. People will say, Can I buy that car? We have to say yes, on a salvage title. When even hobbyists hear it has to be on a salvage title, they know it kills the value. Can you give it to me on a regular—we cannot. We have a used car license. We are a dealer; we can repair this vehicle and sell it. But it would have to be smogged and on a clean title before we can sell it. The two examples I gave you are, quite frankly, not very often. We get a dozen of those a year, maybe.

You are going to be very surprised if you look at the final picture [page 5] of the 1980 Honda Civic that is in really good condition. I do not know whether it has an engine in this one. I do not know what the challenges are on this one, but you look at that vehicle and you would say, Who would want that vehicle? The answer is everybody wants that vehicle. It is a collectible. We have gotten more questions about this vehicle. Can I buy this vehicle? I do not know, but maybe Mr. Larkin might be able to speak to what is wrong with the car. We have people who desperately want to buy that car for reliable transportation, and it is a disadvantage to them to have to buy a vehicle and do the work on that. They can do it themselves and get a reliable vehicle. When they are finished with that vehicle and they are able to buy a better vehicle, the resale value is diminished significantly.

What we hope to do with this legislation is create a very narrow carve-out for auto records on these types of vehicles so we can sell them on a clear title. They are not branded because they do not need to be branded when we buy vehicles that have been damaged in an accident. For the most part, we buy them at auto auctions, and they are already branded as titles that are not repairable and cannot be used. I have gotten questions about the smog situation. These vehicles cannot be registered and run on the street until they receive a smog certificate. It is not exempting any of these vehicles from the smog requirement; they still have to have a smog check before they can register it and operate the vehicle. In these cases where folks are looking for reliable transportation, are hobbyists—or in some cases, we do not know what they do with them. I am sure there are people out there who flip them to make money. You can put \$7,500 into this truck I just showed you and sell it for \$12,000 to \$13,000 and make a profit. Sure, that happens too. I am not condoning that, but you are able by law to do two or three of these vehicles a year without restriction. Mr. Chair, that is the intent of the bill. That is what we are trying to accomplish here.

I have been working with LCB. We had hoped to have a draft mock-up of the amendment for today, but we were not able to do that. I have spoken with the folks at DMV, and DMV supports the bill as originally drafted. I obviously need to get them the new language. I spoke with the folks from the Nevada Franchised Auto Dealers Association, and their concern is to make sure we get this amendment, not in the auto dealer section of the law but



in the auto record section of the law, which is where we want to put it. We just want to be allowed to provide clean titles on these vehicles and we will define that however it is necessary to make everybody feel comfortable. That is the intent of the bill, Mr. Chair. I would be happy to field any questions.

**Assemblyman Carter:**

My question has to do with consumer protection. We hear these stories of other states, and I am assuming they probably have laws similar to what you are proposing, where cars out of, let us say, New Jersey show up after floods. They get out here, they start stinking, and then the buyer finds out the car was rehabbed after a flood or something. So, there is a reason for salvage titles. Are there going to be controls to protect consumers from buying that car, thinking that it is perfect and has never had a problem, when in reality it has been in a wrecking yard?

**Warren Hardy:**

I asked my client this morning how we get most of these vehicles. Vehicles that are going to be in that condition are generally already going to be branded. I will let Mr. Larkin speak to this as well. I asked how many of those scenarios, the vehicles you have bought in the last ten years, could you have had an opportunity to wash the title? You cannot wash the title in Nevada. If it comes from out of state, it is going to be already branded as a salvage vehicle or a nonrepairable vehicle. He said he thought over the course of ten years, maybe a dozen could have had the potential to wash the title, but he said he would have no idea how to even begin washing it. If it pleases the Chair, I can ask Mr. Larkin to address that as well.

**Eric Larkin, Owner, Nevada Pic A Part, Las Vegas, Nevada:**

Most of the vehicles we get in already have a salvage title. Those would not be eligible for a clear title at all. What we are suggesting is that a car like the Honda Accord that has a clear title but does not run be able to be sold on its clear title. We are not looking to do anything that would allow for a salvage or branded title to be turned into a clean title. That is not anything we would want, period; nor should it be able to happen. But if a clean-titled vehicle came in, we would like to be able to have the ability to sell that on title only.

**Warren Hardy:**

I would add to that. We would be fine with a restriction in the bill that says we cannot do this on a title that we do not purchase as a clean title. That is going to eliminate so many of the possibilities that you are talking about. Again, I would not even know how to wash a title in Nevada, but there are clean titles. What we are doing is taking an otherwise clean title and turning it into a salvage title in order to sell the vehicle. We would like to continue to have it as a clean title. In addition, in these scenarios if it comes in with a clean title, it gives us the ability to pay the person who is bringing it in more money too, because we will know we have this scenario available to us. Instead of putting this truck on the line and having it picked apart, we know we have this scenario to sell it to somebody if they like and we can give more money to the individual who brought the car in to sell it. The restriction of having us be able to do this on clean-title vehicles only is not a problem for us. That is our intent.

**Assemblyman Carter:**

I am still concerned, and I did not hear the answer in there about what we do to protect the people buying these cars to make sure they are okay. I am sure Mr. Larkin would never wash a title, but it sounds like we are putting a law into place that could facilitate washing titles. We have to look out for the worst actors here and that is what I am concerned about. How do we protect Nevadans buying cars?

**Warren Hardy:**

Unfortunately, these things are never exact sciences. Sometimes we just have to say, Let us not let the perfect be the enemy of the good. All we can do is restrict, to the extent possible, the opportunity for that to happen. The larger good is that somebody will have a vehicle that has usable life in it and is reliable transportation for far under market value. We are open to any concepts or amendments. I am going to be discussing that point with DMV. I think I did indicate that I have spoken with DMV, but they have not seen the new amendment. I do want to be clear on that point with them to make sure we are not opening up—I think we have narrowed it as much as we can.

Yes, there are possibilities somebody could bring a wrecked car in to an auto wrecker that has front end damage or has some kind of damage that makes it nonrepairable. It is not going to apply in this case because the value of the vehicle does not warrant restoring it or going through it. If this had front end damage on it, now it is a \$15,000 repair to get it back on the road, and people are not going to do it. That narrows it down to what you pointed out, Assemblyman Carter, in terms of water damage of some kind, which is not always visible. But again, the overwhelming majority of those, people do not just say, I have water damage in my car, and I will take it to an auto wrecker and sell it for \$400. They make an insurance claim. The insurance company looks at it and says it is a total loss vehicle—branded as a total loss vehicle or branded as a salvage vehicle. It is hard for me to imagine a scenario where this could happen. If you are asking me if it could never happen, sure it could happen, but it would take somebody saying, I am not going to put this through my insurance claim. I am just going to buy a brand-new car. I am going to take this down and get \$200 for it because the process before that brands it as a title, and therefore we will not sell it under this scenario because we cannot get a clean title on it anyway because it is already branded.

**Chair Watts:**

Are there additional questions from the Committee? Seeing none, thank you both for your presentation. We will move on to testimony in support of A.B. 384. [There was none.] Next, we will go to testimony in opposition to A.B. 384. [There was none.] Finally, will move to testimony neutral to A.B. 384.

**Andrew MacKay, Executive Director, Nevada Franchised Auto Dealers Association:**

I want to thank Mr. Hardy and the Assemblyman for this bill. The reason I think I am in neutral is we are massaging this amendment to make it work. I think the former Senator clearly laid out your concerns, Assemblyman Carter, but I do want to put a little context to it. He is absolutely right. Any time a vehicle is a water-damaged or flood-damaged vehicle, it is immediately branded, and it is stuck there forever. We see those at our dealership from

certain states that do not use what is commonly known as NMVTIS, the National Motor Vehicle Title Information System. Somebody will trade a vehicle in, we will do the reassignment of title, and then find out that it is a branded vehicle. Well, somebody made off by trading that vehicle in and got \$20,000 for it. Then we do the reassignment of title, and the brand pops up on it. Then literally the value of that vehicle is 50, 60, 70 percent less. There is a robust system in place, it is national, and it is getting better by the minute.

The fact that this is going to be allowed from licensed auto wreckers, they are going to have the title and their ability to wash that title from a flooded vehicle—I am not going to say the criminals will not be able to—let us not fool ourselves. Somebody will try to do it. You are never going to stop that activity. But I think ultimately the fact of diminished value, both from the selling and when they trade it in to the—if that is the proper term—auto wrecker, as well as the individual who wants to purchase and then restore that vehicle to be able to drive it, that Honda Civic is a great example. There was a Midwest dealer who bought one of those vehicles from a customer who had put over a million miles on the vehicle just to put it in his showroom to show how robust the Honda is. Would he have bought it had he had a clean title? That is to be determined. I think the intentions of this bill are really good, and the amendment, when we massage it out, will probably address it. I am available for any questions from the Committee.

**Chair Watts:**

Members, any questions for Mr. MacKay? [There were none.] Do we have anyone else wishing to testify in neutral? [There was no one.] Assemblyman Hafen, would you like to provide any closing comments?

**Assemblyman Hafen:**

I want to say thank you and let you know we will continue to work on the amendment with DMV and Mr. MacKay to try to address Assemblyman Carter's concerns.

**Chair Watts:**

With that, we will close the hearing on Assembly Bill 384. That brings us to the last item on our agenda today, which is public comment. Does anyone have public comment? [There was no one.] Members, that concludes our business for today. Our next meeting will be on April 4, 2023, at 1:30 p.m. We will have, I think, three bill hearings, including a couple from one of our members, Assemblyman Carter. Thank you all for your time and attention today. This meeting is adjourned [at 2:45 p.m.].

RESPECTFULLY SUBMITTED:

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Kathy Biagi  
Committee Secretary

APPROVED BY:

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Assemblyman Howard Watts, Chair

DATE: \_\_\_\_\_

## EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a proposed conceptual amendment to Assembly Bill 315, presented by Assemblywoman Melissa Hardy, Assembly District No. 22.

[Exhibit D](#) is written testimony dated March 30, 2023, submitted by Bari Levinson, Toiyabe Chapter, Sierra Club, in opposition to Assembly Bill 315.

[Exhibit E](#) is a letter in opposition to Assembly Bill 315, submitted by Tony P. Simmons, PE.

[Exhibit F](#) is a proposed conceptual amendment to Assembly Bill 384, submitted by Warren B. Hardy II, representing Nevada Pic A Part.

[Exhibit G](#) is a collection of five photographs presented by Warren B. Hardy II, representing Nevada Pic A Part, regarding Assembly Bill 384.