

ASSEMBLY BILL NO. 481—COMMITTEE ON WAYS AND MEANS

MARCH 24, 2025

Referred to Committee on Growth and Infrastructure

SUMMARY—Establishes the Sustainable Aviation Fuel Incentive Program. (BDR 44-1095)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: Contains Appropriation not included in Executive Budget.

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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 aviation; creating the Sustainable Aviation Fuel Incentive Fund and the Sustainable Aviation Fuel Incentive Program; making an appropriation; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law creates the Nevada Air Service Development Fund as a special revenue fund in the State Treasury and provides for the award of grants of money from the Nevada Air Service Development Fund to air carriers that meet certain requirements. (NRS 231.690-231.720) **Section 2** of this bill creates the Sustainable Aviation Fuel Incentive Fund in the State Treasury to be administered by the State Treasurer. **Section 3** of this bill creates the Sustainable Aviation Fuel Incentive Program to provide incentives of money to domestic air carriers for the purchase of sustainable aviation fuel in this State. **Section 4** of this bill makes an appropriation of \$10,000,000 to the Fund for the Program.

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

**Section 1.** Chapter 493 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

**Sec. 2. 1. *The Sustainable Aviation Fuel Incentive Fund is hereby created in the State Treasury as a special revenue fund.***

**2. *The Sustainable Aviation Fuel Incentive Fund is a continuing fund without reversion. The interest and income earned on the money in the Fund must, after deducting any***



*applicable charges, be credited to the Fund. All claims against the Fund must be paid as other claims against the State are paid.*

*3. The State Treasurer shall administer the Fund. The money in the Fund must be used by the State Treasurer to carry out the Sustainable Aviation Fuel Incentive Program created pursuant to section 3 of this act.*

*4. The State Treasurer may apply for and accept gifts, grants, donations, bequests and any other source of money available under federal law and from private sources for deposit in the Fund to carry out the provisions of the Sustainable Aviation Fuel Incentive Program created by section 3 of this act.*

**Sec. 3. 1. The Sustainable Aviation Fuel Incentive Program is hereby created for the purpose of providing incentives of money for the purchase of sustainable aviation fuel in this State.**

*2. A domestic air carrier based in the United States is eligible to receive from the Program for the purchase of sustainable aviation fuel in this State an incentive:*

*(a) Of \$1.75 per gallon for the purchase of sustainable aviation fuel produced outside of this State; and*

*(b) Of \$2.50 per gallon for the purchase of sustainable aviation fuel produced in this State.*

*3. A carrier that qualifies for an incentive from the Program pursuant to subsection 2 may obtain an incentive by submitting a claim to the State Treasurer. The State Treasurer shall review any claim submitted pursuant to this subsection to confirm that the air carrier qualifies for an incentive from the Program.*

*4. The State Treasurer may adopt regulations to carry out the provisions of this section.*

*5. As used in this section:*

*(a) "Air carrier" means a person who provides commercial air transportation to passengers.*

*(b) "Sustainable aviation fuel" means liquid fuel that meets the criteria set forth in subsections (d) and (e) of 26 U.S.C. § 40B.*

**Sec. 4.** There is hereby appropriated from the State General Fund to the Sustainable Aviation Fuel Incentive Fund created by section 2 of this act the sum of \$10,000,000 to award incentives from the Sustainable Aviation Fuel Incentive Program created by section 3 of this act.

**Sec. 5. 1.** The Legislature hereby finds and declares that:

*(a) Section 9 of Article 8 of the Nevada Constitution contains a provision commonly known as a "gift clause" which restricts the State under certain circumstances from donating or loaning the State's money or credit to any company, association or corporation, except corporations formed for educational or charitable purposes.*



(b) In *Employers Insurance Company of Nevada v. State Board of Examiners*, 117 Nev. 249, 258 (2001), the Nevada Supreme Court held that the State loans its credit in violation of Section 9 of Article 8 of the Nevada Constitution only when “the State acts as a surety or guarantor for the debts of a company, corporation or association.”

(c) In *Lawrence v. Clark County*, 127 Nev. 390, 399 (2011), the Nevada Supreme Court held that the State does not donate, loan or “gift” its money in violation of Section 9 of Article 8 of the Nevada Constitution when the State dispenses state funds for a public purpose and the State receives a valuable benefit or fair consideration in exchange for the dispensation of the state funds.

(d) In *State ex rel. Brennan v. Bowman*, 89 Nev. 330, 333 (1973), the Nevada Supreme Court held that legislation which promotes economic development and seeks to create, protect or enhance job opportunities “inures to the public benefit” and serves important public purposes because it assists in “relieving unemployment and maintaining a stable economy.”

(e) In *Lawrence v. Clark County*, 127 Nev. 390, 399, 406 (2011), the Nevada Supreme Court adopted the public trust doctrine in this State, noting that the public possesses inviolable rights to the natural resources of the State and the State must serve as trustee of the public resources and finding that the “constitutional policy contained in the gift clause infers the people’s intent to constrain the Legislature’s ability to alienate public trust lands as well as public funds.”

(f) Section 3 of Article 9 of the Nevada Constitution restricts the ability of the State to contract public debts, but makes an exception for “any and all contracts necessary, expedient or advisable for the protection and preservation of any of its property or natural resources, or for the purposes of obtaining the benefits thereof,” which further emphasizes the constitutionally mandated importance of the protection and preservation of the natural resources of this State.

(g) In *McLaughlin v. Housing Authority of the City of Las Vegas*, 68 Nev. 84, 93 (1951) and *Lawrence v. Clark County*, 127 Nev. 390, 399 (2011), the Nevada Supreme Court held that when the Legislature authorizes a state agency to dispense state funds, the courts will:

(1) Carefully examine whether the Legislature made an informed and appropriate finding that the dispensation of the state funds serves a public purpose and the State receives a valuable benefit or fair consideration in exchange for the dispensation;

(2) Give great weight and due deference to the Legislature’s finding, and the courts will uphold the Legislature’s “finding unless



1 it clearly appears to be erroneous and without reasonable  
2 foundation;” and

3 (3) Closely examine whether the dispensing state agency  
4 reviews all facts, figures and necessary information when making  
5 the dispensation, and when the state agency has done so, it will not  
6 be second-guessed by the courts.

7 2. The Legislature hereby further finds and declares that:

8 (a) The release of greenhouse gases traps heat in the Earth’s  
9 atmosphere, driving climate change.

10 (b) The United States Environmental Protection Agency has  
11 concluded that certain large subsonic jet aircraft and subsonic  
12 propeller driven airplanes that are used in all domestic and  
13 international flights originating in the United States are responsible  
14 for 10 percent of all greenhouse gas emissions from the  
15 transportation sector in the United States and 3 percent of all  
16 greenhouse gas emissions in the United States.

17 (c) According to the Federal Aviation Administration, about 10  
18 percent of all aircraft emissions occur close to the surface of the  
19 Earth near ground level and most particulate matter that affects  
20 communities surrounding an airport are the result of emissions  
21 released during landing and takeoff.

22 (d) Climate change threatens the health, lives and safety of  
23 Nevada’s residents, as well as Nevada’s diverse ecosystems,  
24 wildlands and wildlife. Rising temperatures have increased the  
25 severity and length of droughts and the frequency and intensity of  
26 wildfires.

27 (e) Climate change threatens Nevada’s economy. Rising  
28 temperatures, compounded by the urban heat island effect, will  
29 likely make summers in Southern Nevada dangerously hot,  
30 potentially deterring visitors and reducing the hours when it is safe  
31 to engage in outdoor activities, such as construction.

32 (f) Throughout this State, rising temperatures will impact public  
33 health by increasing heat stress on vulnerable populations and  
34 increasing air pollution from more frequent wildfires.

35 (g) The State of Nevada and its residents will benefit from the  
36 diversification and economic growth driven by a transition to a low-  
37 carbon emission aviation transportation sector.

38 3. The Legislature lastly finds and declares that:

39 (a) The state program developed and carried into effect pursuant  
40 to this act will not result in the State acting as a surety or guarantor  
41 of the debts of an air carrier receiving an incentive of money.

42 (b) The purpose of this act is to develop and carry into effect a  
43 state program to encourage the production and purchase of  
44 sustainable aviation fuel in this State for the purposes of:



1 (1) Developing the market and industry for sustainable  
2 aviation fuel in this State and promoting jobs and businesses in this  
3 State in the sustainable aviation fuel industry; and

4 (2) Reducing greenhouse gases emitted by domestic air  
5 carriers that operate in this State, specifically emissions occurring  
6 on takeoff and landing at airports in this State.

7 (c) The promotion and development of the sustainable fuel  
8 industry in this State is an important public purpose which  
9 incentivizes the development of business and industry in this State.

10 (d) The protection and preservation of the natural resources of  
11 this State by incentivizing the purchase of sustainable aviation fuel  
12 is an important public purpose which will limit the emissions of  
13 greenhouse gasses from air carriers operating in this State and thus  
14 lower the contributions air travel in this State make to climate  
15 change, which threatens the health, safety and welfare of the  
16 residents of this State and the economy of this State.

17 (e) The provisions of this act are intended to serve an important  
18 public purpose and ensure that the State receives valuable benefits  
19 and fair consideration in exchange for each incentive of money from  
20 the program because:

21 (1) The program requires the dispensing agency to review all  
22 facts, figures and necessary information when making each  
23 incentive of money from the program to ensure the incentive meets  
24 the requirements of the program;

25 (2) The promotion and development of the sustainable fuel  
26 industry in this State and the protection and preservation of the  
27 natural resources of this State are important public purposes that  
28 promote job growth in this State and protect the health, safety and  
29 welfare of the residents of this State; and

30 (3) The dispensing state agency may not make an incentive  
31 of money from the program unless the air carrier purchases  
32 sustainable aviation fuel in accordance with the requirements of the  
33 program.







