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Agriculture

Agriculture; dairy products—calculation of costs

NEV. REV. STAT. § 584.____ (new); §§ 584.325, 584.380, 584.445, 584.474, 584.582, 584.583, 584.584, 584.633, 584.635, 584.640 (amended).

SB 211 (Jacobsen); 1987 STAT. Ch 91

Under existing law, distributors¹ and retailers² are prohibited from manipulating the prices of fluid milk,³ fluid cream,⁴ butter⁵ or fresh dairy by-products⁶ for the purpose of injuring, harassing, or destroying competition,⁷ and from selling those products at a price below cost.⁸ Existing law further provides that a distributor who processes or manufacturers fluid milk, fluid cream, or fresh dairy by-products determines costs by considering certain factors.⁹ Chapter 91 mandates that a reasonable return on capital investment must be calculated per unit of production by dividing the product of the net capital investment,¹⁰ and the reasonable rate of return on capital investment,¹¹ by

1. See NEV. REV. STAT. § 584.345 (definition of distributor).

2. See *id.* § 584.380 (definition of retail store).

3. See *id.* § 584.355 (definition of fluid milk).

4. See *id.* § 584.350 (definition of fluid cream).

5. See *id.* § 584.125 (definition of butter).

6. *Id.* § 584.583 1 (definition of fresh dairy by-products)(amended by 1987 Nev. Stat. ch. 91, sec. 7, at ____).

7. *Id.* § 584.582 (amended by 1987 Nev. Stat. ch. 91, sec. 6, at ____).

8. *Id.* § 584.583 1 (amended by 1987 Nev. Stat. ch. 91, sec. 7, at ____).

9. *Id.* § 584.583 2 (amended by 1987 Nev. Stat. ch. 91, sec. 7, at ____). Cost determination factors for distributors are (a) cost of raw products based on actual cost, (b) cost of production, (c) reasonable return on capital investment, (d) producer's transportation costs, (e) costs of compliance with health regulations, and (f) overhead costs. *Id.* Cost determination factors for a peddler-distributor are (a) purchase price of the product, (b) overhead for handling, and (c) reasonable return on capital investment. *Id.* § 584.583 3 (amended by 1987 Nev. Stat. ch. 91, sec. 7, at ____).

10. "Net capital investment" includes land, buildings, equipment and any other capital asset used as a rate base. 1987 Nev. Stat. ch. 91, sec. 7, at ____ (amending NEV. REV. STAT. 584.583 4).

11. A reasonable rate of return on capital investment is deemed to be the rate fixed for 6-month United States treasury bills at the auction in the first week of the month of January or July immediately preceding the date that the reasonable return on capital is calculated. *Id.*

the total sales per unit of production.¹² Furthermore, overhead costs¹³ must be determined according to generally accepted principles of accounting and allocated proportionately to each unit of production.¹⁴

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12. *Id.*

13. Costs for overhead include: Salaries for executives and officers of the company; all other costs of labor, including indirect costs, rent, depreciation, costs for maintenance, costs incurred in delivering the product, fees for licenses, taxes and insurance, cost of materials, costs for repairs, the cost for electricity and other public utilities and all other costs that relate to the sale and distribution of the product. *Id.*

14. *Id.* 1, at ____ (enacting NEV. REV. STAT. § 584.____).

Agriculture; underground storage and recovery of water

NEV. REV. STAT. § 534.____ (new); §§ 534.010, 534.050, 534.060 (amended).

AB 548 (Callister); 1987 STAT. Ch 727

Under existing law, every person¹ desiring to sink or bore a well² in any basin must apply and obtain a permit from the state engineer³ to appropriate the water before performing any work in connection with the boring or sinking.⁴ Upon a written application showing good cause, existing law authorizes the state engineer to issue a waiver of the permit requirements for: (1) exploratory wells to be drilled to determine the availability or quality of water; or (2) to allow the temporary use of water in constructing a highway or exploring for oil, gas, minerals or geothermal sources.⁵ Chapter 727 expands existing law by permitting the state engineer to waive the permit requirements for wells drilled in shallow ground water systems that are pumped to alleviate the potential hazards resulting from the rise of ground water caused by secondary recharge.⁶

1. See NEV. REV. STAT. § 534.010 1(e) (amended by 1987 Nev. Stat. ch. 727, sec. 28, at ____) (definition of person).

2. See *id.* § 534.010 1(h) (definition of well drilling or drilling a well).

3. See generally *id.* §§ 532.010-.220 (defining state engineer).

4. *Id.* § 534.050 1.

5. *Id.* § 534.050 2 (amended by 1987 Nev. Stat. ch. 727, sec. 29, at ____).

6. 1987 Nev. Stat. ch. 727, sec. 29, at ____ (amending NEV. REV. STAT. § 534.050 2). The Legislature finds and declares that the removal of ground water from any basin in Nevada