MINUTES OF THE MEETING

OF THE

LEGISLATIVE COMMISSION'S COMMITTEE TO STUDY THE

CONSTRUCTION AND MAINTENANCE OF HIGHWAYS AND ROADS

(Senate Concurrent Resolution No. 53, File No. 143, *Statutes of Nevada 1997*)

June 10, 1998

Las Vegas, Nevada

The fifth and final meeting of the Legislative Commission's Committee to Study the Construction and Maintenance of Highways and Roads (S.C.R. 53) for the 1997-1998 interim was held on Wednesday, June 10, 1998, at 9:30 a.m., in Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. This meeting was video conferenced to Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Pages 2 and 3 contain the "Meeting Notice and Agenda."

COMMITTEE MEMBERS PRESENT:

Assemblyman P. M. Roy Neighbors, Chairman

Senator Ernest E. Adler

Senator Lawrence E. Jacobsen

Senator Bill R. O'Donnell

Senator Dean A. Rhoads

Assemblyman Mark E. Amodei

Assemblyman David R. Parks

Assemblyman Bob Price

OTHER LEGISLATORS PRESENT:

Assemblyman Douglas A. Bache

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Paul Mouritsen, Principal Research Analyst

Kevin Welsh, Deputy Fiscal Analyst

Debbra J. King, CPA, Program Analyst

Kim Marsh Guinasso, Principal Deputy Legislative Counsel

Roxanne Duer, Senior Research Secretary

MEETING NOTICE AND AGENDA

Name of Organization: Legislative Commission's Committee to Study the Construction and Maintenance of Highways and Roads (S.C.R. 53)

Date and Time of Meeting: Wednesday, June 10, 1998

9:30 a.m.

Place of Meeting: Grant Sawyer State Office Building

Room 4412

555 East Washington Avenue

Las Vegas, Nevada

Note: Some members of the committee may be attending the meeting and other persons may observe the meeting and provide testimony, through a simultaneous video conference conducted at the following location:

Legislative Building

Room 4100

401 South Carson Street

Carson City, Nevada

AGENDA

I. Opening Remarks and Introductions

Assemblyman P. M. Roy Neighbors, Chairman

*II. Approval of Minutes for the Committee's Meetings in Pahrump, Nevada, on February 13, 1998, and in Elko, Nevada, on March 20, 1998

III. Testimony Regarding Pending Legislation in Congress to Reauthorize the Federal Highway Programs and the Effect of this Legislation on Nevada

John Price, Division Administrator, Federal Highway Administration

IV. Presentation Regarding the Transportation of Nuclear Waste and its Effect on Nevada's System of Highways

J. C. de la Garza, Yucca Mountain Project, United States Department of Energy

V. Presentation Regarding Systems for the Tracking of Motor Fuel Sales in Nevada and Their Effect on Tax Collections

Craig Galler, Chief Technology Officer, Lockheed Martin IMS

VI. Presentation by the Private Business Coalition for Transportation Regarding Shortfall in Highway Revenue and a Proposal for Indexing Motor Fuel Taxes

VII. Presentation Regarding Items III through VI and the Attached "Work Session Document"

Tom Stephens, Director of Nevada's Department of Transportation (NDOT), and Russell Law, Chief Operations Analysis Engineer, NDOT

VIII. Public Testimony

*IX. Work Session — Discussion and Committee Action on Recommendations to the 70th Session of the Nevada Legislature (See Attached "Work Session Document" for a Summary of Proposals Compiled from Previous Committee Meetings)

X. Adjournment

*Denotes items on which the committee may take action.

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Research Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call Roxanne Duer, at 684-6825, as soon as possible.

Notice of this meeting was posted in the following Carson City, Nevada, locations: Blasdel Building, 209 East Musser Street; Capitol Press Corps, Basement, Capitol Building; Carson City Courthouse, 198 North Carson Street; Legislative Building, Room 1214, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was faxed for posting to the following Las Vegas, Nevada, locations: Grant Sawyer State Office Building, 555 East Washington Avenue; and Clark County Office, 500 South Grand Central Parkway.

OPENING REMARKS AND INTRODUCTIONS

Chairman Neighbors called the meeting to order. At the request of the Chairman, each of the committee members and the Legislative Counsel Bureau (LCB) staff introduced themselves. The Chairman noted that Assemblyman Douglas A. Bache was also in attendance. The Chairman then called attention to the work session document and explained that the recommendations include a compilation of all the issues that were brought forward in previous public hearing meetings.

APPROVAL OF MINUTES FOR THE COMMITTEE'S MEETINGS IN

PAHRUMP, NEVADA, ON FEBRUARY 13, 1998, AND

IN ELKO, NEVADA, ON MARCH 20, 1998

The Chairman asked for approval of the minutes of the committee's third and fourth meetings.

SENATOR ADLER MOVED TO APPROVE THE MINUTES OF THE COMMITTEE'S MEETINGS IN PAHRUMP, NEVADA, ON FEBRUARY 13, 1998, AND IN ELKO, NEVADA, ON MARCH 20, 1998. THE MOTION WAS SECONDED BY SENATOR JACOBSEN AND PASSED UNANIMOUSLY.

TESTIMONY REGARDING PENDING LEGISLATION IN CONGRESS TO REAUTHORIZE THE FEDERAL HIGHWAY PROGRAMS AND

THE EFFECT OF THIS LEGISLATION ON NEVADA

John Price

Mr. Price, Division Administrator, United States Department of Transportation (USDOT), Nevada's Division of the Federal Highway Administration (FHA), informed the committee that the new transportation bill, titled "Transportation Equity Act for the 21st Century (TEA-21)," was signed into law on June 9, 1998, by President Bill Clinton. The bill consists of a $200 billion program spanning a six-year period, which represents an increase of approximately 40 percent in program funding. Mr. Price provided the following information regarding the passage of TEA-21:

1. The majority of the new program consists of five major programs: (a) interstate maintenance programs; (b) the national highway system; (c) the surface transportation program; (d) an air quality program for urban areas, and (e) a bridge program.

2. Congress has revised the formula for apportionment of funding among the states and has set a minimum guarantee that each state will receive a certain percentage of the overall highway program funds.

3. Nevada's portion, which is currently set at .6 percent of the total amount, will increase to approximately .72 percent of the program. Nevada will receive an increase of approximately 62 percent, which is the fifth highest percentage increase of total funding among the states.

4. During the six-year period of the Intermodal Surface Transportation Efficiency Act (ISTEA), Nevada received an average of $1.01 back for every dollar that the taxpayers paid into the trust fund; under TEA-21, Nevada will realize $1.14 for its contribution. Since 1956, the Highway Trust Fund has returned approximately $1.55.

Continuing, Mr. Price referred to a handout titled "Reauthorization of Federal Transportation Legislation" (please refer to Exhibit A), and focused his comments on the following items:

- Nevada's funding from ISTEA for core programs was $103 million per year; under TEA-21, Nevada will receive $183 million annually; and
- Nevada's apportionment of $183 million for Fiscal Year (FY) 1998, and a national obligation limit of $21 billion, will give Nevada approximately $118 million annually.

Mr. Price then focused his comments on high priority projects for Nevada which include:

- $3.75 million for the Carson City bypass;
- $8.75 million for I-530 (US 395) extension to Carson City;
- $4 million for US 50 Fallon-Fernley;
- $6.78 million for noise walls in Henderson;
- $1.87 million for railroad crossings in Reno;
- $1.87 million for I-15, the California state line to Las Vegas;
- $6 million for I-15 in California;

- $5 million for I-15 interchange at Sahara/Rancho Road;
- $2 million for Craig Road in Las Vegas; and
- $41 million in Arizona projects for the Hoover Dam bypass, a project which may be eligible for public lands funding.

It was then noted that the following provisions are included in TEA-21:

- The designation of a metropolitan planning organization (MPO) in the Lake Tahoe area. The designated agency would be eligible for planning funds from FHA and the Federal Transit Administration (FTA); and
- The provision to allow FTA to fund loans for railroad rehabilitation and improvements.

In conclusion, Mr. Price stated that FHA should be disbursing the TEA-21 funds within the week.

Responding to Senator Rhoads' question regarding TEA-21 funding to assist gasoline stations in rural areas of Nevada, Mr. Price explained that one-tenth of one cent of the federal gas tax goes into an underground storage tank fund for leaking tanks and is used primarily by the United States Environmental Protection Agency for monitoring. Currently, there are no federal highway funds eligible for a private enterprise.

Tom Stephens

Mr. Stephens, Director, NDOT, explained that with the increase of $72 million in federal funding, the majority of the money will be directed toward major projects, and that there is an immediate need to complete design standards in order to allocate funds. On June 25, 1998, NDOT will submit a request to the Nevada Legislature's Interim Finance Committee (IFC) for seven additional employees. Of the seven employees, five senior engineers are needed to manage major consultant contracts and to establish and staff a consultant group, which will coordinate large projects such as widening U.S. 395, the Carson City bypass, and completion of the freeway from Reno to Carson City. Mr. Stephens indicated that the TEA-21 six-year period actually began October 1997, and stressed the importance of NDOT proceeding immediately with the necessary environmental and design work to enable the purchase of right-of-ways and proceed with construction.

According to Mr. Price, the amount of revenue spent to-date is approximately $55 million, with an additional $65 million for project approval that must be obligated by September 30, 1998.

PRESENTATION REGARDING THE TRANSPORTATION OF NUCLEAR WASTE AND ITS EFFECT ON NEVADA'S SYSTEM OF HIGHWAYS

J. C. de la Garza

Mr. de la Garza, Transportation Manager, U.S. Department of Energy, Yucca Mountain Site Characterization Office, presented the committee with a document titled "Yucca Mountain Site Characterization Office Transportation Planning" (please refer to Exhibit B). Mr. de la Garza informed the committee that he would focus his comments on the following alternatives:

- Railroad transport;
- Heavy-haul truck transport;

- Legal weight truck transport; and
- Pending legislation — House Resolution (HR 1270), and Senate Bill (SB 104).

Mr. de la Garza listed five potential routes being considered for rail construction using an existing railroad system to Yucca Mountain and noted mileage and approximate cost of each alignment.

> 1. The Carlin route which originates in the Carlin-Battle Mountain area, continues near Austin, then proceeds south to Tonopah and Goldfield and continues to Yucca Mountain. (323 miles; $726 million)
>
> 2. The eastern Nevada route originates in Caliente and proceeds west to Warm Springs, near Tonopah and Goldfield, to Yucca Mountain. (319 miles; approximately $679 million)
>
> 3. The Caliente-Chalk Mountain route, which was added due to the environmental impact statement (EIS) scoping comments, also originates in Caliente and continues through the Nellis Air Force range (NAFR) to the north-west boundary of the Nevada test site (NTS) to Yucca Mountain. (214 miles; approximately $509 million)
>
> 4. The valley modified route begins to the northeast of Las Vegas just south of the Sheep Range Mountains and parallels U.S. 95 and continues to Yucca Mountain. (98 miles and a capital cost of $213 million)
>
> 5. The Jean route has two possible origination points near Jean and proceeds through the Amargosa Valley to Yucca Mountain. (112 miles and a projected cost of $374 million)

Discussion continued focusing on possible Nevada routes for heavy-haul truck shipments. Shipments would originate from intermodal transfer stations where the casks would be removed from rail cars and placed onto heavy-haul truck transports. The following routes are being considered:

- The Caliente-Las Vegas route is the preferred route of the U.S. Department of Transportation because it is a shorter route than the Caliente route;
- Apex-Dry Lake route;
- Jean-Sloan route;
- Caliente-Chalk Mountain route; and
- Potential intermodal transfer stations.

Discussion ensued comparing the size of heavy-haul transports compared to a standard 18-wheeler semi-truck. The heavy-haul transport requires a pull and push tractor with load distribution in order to facilitate the surface highways. The loads being transported are 150 tons with a gross vehicle weight (GVW) of 500,000 pounds.

In response to Senator Adler's question, Mr. de la Garza replied that Nevada does not have adequate roadways to accommodate the GVW of 500,000 pounds, and that the USDOE is anticipating road construction upgrades prior to any heavy-haul shipments.

The issue of frost restricted roads in the proposed Caliente and Caliente-Chalk Mountain routes and the fact that transports are not allowed on the proposed roadways during certain winter months was addressed. Speaking to the Caliente route, USDOE would upgrade the frost restricted portion of the selected route to the American Association of State Highway Officials Standards. The remainder of the route, which is not considered frost restricted, would receive road improvements such as climbing and descending lanes, and truck turnouts to accommodate heavy-haul traffic.

Responding to Senator Adler's question, it was noted that the annual maintenance costs required for these road upgrades would be borne by USDOE.

General discussion continued regarding the turning capability of the 150-ton capacity vehicles when maneuvering the US 95 — US 6 intersection in Tonopah, Nevada, the US 95 curve through Goldfield, Nevada, and the US 95 -— SR 374 intersection in Beatty, Nevada. It is anticipated that there would be two to three one-way transports per day, with approximately 11 shipments per week.

Information was presented regarding mileage and initial capital cost requirements for potential heavy-haul truck routes:

- The Caliente route at 331 miles and $153 million;
- The Caliente-Las Vegas route consisting of 234 miles and $127 million;
- The Caliente-Chalk Mountain route at 174 miles and $99 million;
- The Sloan-Jean route at 117 miles and $144 million; and
- The Apex-Dry Lake route at 113 miles and $94 million.

In response to Senator Adler's question regarding the use of legal-weight trucks for all waste shipments, Mr. de la Garza explained that the intent of the program was to minimize the number of shipments, and that by using the 75- or 150-ton casks that objective can be achieved. However, if only legal-weight trucks are employed, the number of shipments will increase considerably.

Waste emplacement was discussed outlining the proposed time frame as follows:

- September 1998, a Viability Assessment will be issued;
- In the year 2000, circulation of an EIS;
- In 2001, site recommendations will be presented;
- A license application will be submitted in 2002;
- Construction authorization will be sought in 2005; and
- Initial waste emplacement will begin in 2010.

Discussion continued regarding the mainline railroad system, the lack of a rail line in the Yucca Mountain area, and the need to construct either a railroad line and rail spur, or transport nuclear waste via heavy-haul trucks over the Nevada highway system. It was noted that the rail system would be funded by the USDOE.

General discussion ensued regarding the transportation of spent nuclear fuel (SF) and high level waste (HLW), and the effect that HR 1270 in the United States House of Representatives and SB 104 in the United States Senate will have on nuclear waste storage in Nevada. The bills will:

- Mandate heavy-haul truck transport as a mode of transportation in Nevada;
- Allow the use of rail transport, if rail becomes available;
- Specify the point of origin for a heavy-haul route — Caliente, Nevada, to an interim storage facility; and
- Mandate road improvements for year-round travel.

Responding to Senator Jacobsen's question, Mr. de la Garza stated that transporting the waste will be accomplished by private enterprise.

Mr. Stephens, identified on page 6, expressed concern regarding the size and movement of the heavy-haul transports, as well as the administrative ordeal of issuing permits and press releases. He pointed out that the northern and western beltways being referred to are not federal or state highways but are constructed as frontage roads, and that funding for these beltways is neither federal nor state money. Mr. Stephens indicated that if the State of Nevada's policy is to continue opposing the storage of nuclear waste, NDOT would not participate in the upgrade of any roads used for the purpose of transporting nuclear waste, nor would state maintenance funds be used to maintain those roads. Also, an independent agency would need to be established for construction, maintenance, and snow removal. In Mr. Stephens' opinion, the least destructive of the transport routes presented today is the route across the NTS.

Addressing Mr. Stephens comments, Mr. de la Garza replied that:

1. Heavy-haul transports of this capacity are very large and slow-moving, and, under ideal conditions, can move at speeds of 45 to 50 miles per hour (mph). The USDOE has anticipated construction of highway upgrades in order to accommodate a heavy-haul campaign of this nature, as well as providing the required road maintenance at intervals of years 7 and 8, and years 15 and 16.

2. Turnouts would be constructed every five miles on the portion of US 95 between Tonopah and Yucca Mountain.

3. The USDOT regulations require that the use of interstate highways and beltways be maximized, and that the beltway near and around the City of Las Vegas was considered in order to compile a comprehensive report. It is not anticipated that particular route would be selected, but all possibilities were evaluated.

4. In cooperation with NDOT, each of the individual waste shipments would require a permit and that, in the event legislation was passed or the USDOE would be enacting the nuclear waste policy act in making the transports, USDOE would work concurrently with NDOT in securing permits and executing road upgrades with NDOT's cooperation.

5. The preferable mode of transportation is by rail; however, the initial costs incurred to construct a railway to Yucca Mountain are much higher for rail construction than for heavy-haul transport.

6. The Caliente-Chalk Mountain route is being evaluated as a possibility, however, the NAFR falls under the jurisdiction of the United States Department of Defense which is reluctant to allow access through the range.

In conclusion, Mr. de la Garza responded to the safety record of the USDOE and the fact that SF has been transported for 40 — 50 years without incident, and no accidents resulting in a breach of containment have occurred.

-

-

<u>PRESENTATION REGARDING SYSTEMS FOR THE TRACKING</u>

<u>OF MOTOR FUEL SALES IN NEVADA AND</u>

<u>THEIR EFFECT ON TAX COLLECTIONS</u>

William S. Gosnell

Mr. Gosnell, Manager, Motor Vehicle Services (MVS), Lockheed Martin IMS (LMIMS), presented the committee with background information regarding the Vehicle Information Systems for Tax Apportionment (VISTA) products.

Lockheed Martin IMS has 34 installations throughout the United States involving 26 states, and has provided VISTA services for commercial vehicle operations and fuel taxes since 1980.

Craig Galler

Mr. Galler, Chief Technology Officer, MVS, LMIMS, gave a slide presentation (please refer to Exhibit C) highlighting the tracking system that was developed for the State of Montana in conjunction with their motor fuel tracking system (MFTS) to detect fuel movement within the state. The following items were addressed:

- The MFTS was developed as part of a public/private partnership with the State of Montana's Department of Transportation (MDT) using state-of-the-art technology;

- The MFTS could increase Nevada's motor fuel revenue by 1 percent, and that Nevada would gross approximately 2.7 million in fuel taxes annually;

- A normal tanker truck holds approximately 10,000 gallons of fuel, averaging 20 cents per gallon in state tax, a fully loaded truck is the equivalent of $2,000 in state tax;

- Contributing factors to avoiding payment of fuel tax:

1. Sheer volume of data.

   b. States administer fuel excise taxes differently. Forty-two states and the District of Columbia collect taxes through a department of revenue, and several states collect through the transportation/motor vehicle department.

3. Motor fuel is a legal commodity and motor fuel tax evasion does not get the same attention as crimes such as drug or gun trafficking. Evasion is considered a "white collar crime," and punishment usually consists of a penalty, interest, and a revoked license.

- Leading causes of tax evasion:

1. Market structure induced importations;

   b. Uncontrolled sources of diverted fuels inside the state;

3. The market problem — the incentive to import fuels from other states or nations to take advantage of the price/tax differential; and

   d. Leakage created by the current record keeping system for fuels distribution.

General discussion ensued regarding the fact that coordinated, comprehensive interstate evasion efforts are difficult to implement due, in part, to the following factors:

1. Administration structures to assess, collect, and spend road fund dollars are fragmented, often involving combinations of federal, state, and local governments.

2. Low priority is assigned to road fund tax evasion by states due to the small size of the road fund as compared to the state's general funds.

3. Road fund tax source competition among states has resulted in different tax rates among states and fostered incentives for border tax avoidance or evasion.

4. There is a lack of intergovernmental and interstate exchange of tax compliance and tax evasion data.

5. A lack of information regarding the nature, scope, and severity of the road fund tax evasion problem.

A survey comprised of 34 states and conducted by the Federation of Tax Administrators, showed that the most common methods of evading fuel tax are:

- Bootlegging across state lines;
- Abuse of exemption laws;
- Failure to file;
- Blending (gasohol);
- Daisy chain — establishment of multiple fuel distributor companies, usually under common ownership, to exchange fuel back and forth until it is lost in the paperwork; and
- Cocktailing, which is the blending of other materials into fuel. Cocktailing is normally done with diesel fuel and can include toxic waste, used motor oil, expired aviation fuel, and solvents.

Referencing Exhibit C, Mr. Galler then commented on the following points of taxation:

1. The highest point of taxation is at the terminal where tax is collected when it is loaded onto a tanker truck. The terminal point is the most effective for controlling daisy chain operations, but does not control bootlegging, blending, or cocktailing. The downside of taxation at the terminal is that if additional reporting requirements are not implemented, such as importer/exporter reports, the ability to track fuel once it leaves the terminal is lost. Numerous states have reported an increase of as much as 15 to 20 percent in fuel tax revenue when moving the point of taxation to the terminal.

2. The point of taxation at the distributor level is, by far, the most popular point. Point of taxation provides the greatest detail relative to the fuel and its exchanges.

3. "First Receipt" taxation is similar to distributor taxation except the tax is paid by the entity who first receives the fuel from the rack.

4. Taxes are collected at the gas pump when utilizing a "retail" point of taxation.

Pertaining to Nevada, Mr. Galler discussed import/export fuel tax evasion, regional volumes, and anti-evasion strategies.

In conclusion, the MFTS is designed to:

- Manage the detail data in a rational data structure;
- Increase state and federal government motor fuel tax collections by reducing reporting errors and highlighting possible evasion;
- Improve reporting efficiencies for all participants within the fuel distribution and revenue collection system;
- Monitor fuel movement;
- Track product types and amounts at the manifest level;
- Promote and process electronic filing;
- Provide complete on-line imaging of tax returns and details; and

- Enable client/server applications to assist state government in rapid identification of filing omissions, errors, fraud, and evasion.

PRESENTATION BY THE PRIVATE BUSINESS COALITION FOR TRANSPORTATION REGARDING SHORTFALL IN HIGHWAY REVENUE

AND A PROPOSAL FOR INDEXING MOTOR FUEL TAXES

Pam Miller

Ms. Miller, representing Associated General Contractors (AGC), commented on Nevada's roads and addressed the $2 billion shortfall which would affect road maintenance.

Cheryl Blomstrom

Ms. Blomstrom, Government Affairs Director, AGC, asked that the committee consider fuel tax indexing for the State of Nevada. Presently, the gas tax is based on a flat tax with every dollar of gas tax revenue losing approximately 23 percent of its purchasing power over a ten-year period. With the projected funding from TEA-21, capital expenditures will increase dramatically, which will significantly increase road maintenance. The index being proposed is that gas tax be evaluated over a period of one year for inflation, then assigned an index figure which would cap at 4 percent. The index figure would be no greater than 4 percent annually. The tax rate could also deflate, depending on the inflation rate. Funds would be distributed as they are currently allocated to the state, the counties, the cities, and the Regional Transportation Commissions (RTCs). The State of Nevada will acquire a tremendous influx of revenue from TEA-21, while the counties and cities will not receive additional funding. It is anticipated the index adjustment would take effect September first of each year, with a 60 to 90-day notification period for the distributors. Implementation of the measure would be administered by the State Legislature and would become effective January 1, 2000.

Grant Sims

Mr. Sims, representing the Better Roads Coalition, asked that the committee seriously consider fuel tax indexing and reiterated the substantial shortfall in funding for road maintenance and the fact that if this issue is not addressed, the deficit will exponentially increase in the future.

PRESENTATION REGARDING ITEMS III THROUGH VI

AND THE ATTACHED "WORK SESSION DOCUMENT"

Mr. Stephens, identified on page 6, discussed the work session document and commented on the following recommendations:

- Recommendation No.1 — NDOT is not proposing any tax increases, but supports indexing motor fuel tax rates tied to the inflation rate as measured by the *Consumer Price Index* (CPI).

- Recommendation No. 3 — NDOT would support a sound wall program.

- Recommendation No. 4 — Mr. Stephens presented the committee with a memorandum from NDOT regarding equipment purchases exceeding $50,000 (please refer to Exhibit D). It was noted that NDOT is not in violation of Subsection 1 of *Nevada Revised Statutes* (NRS) 408.389, and procedurally seeks approval from NDOT's Board of Directors when purchasing equipment that exceeds $50,000.

- Recommendation No. 7 — NDOT does not support a 50 percent increase in the driver's license fee, but would request that a study be conducted of the costs associated with it to establish an appropriate fee increase that would cover administration expenses.

- Recommendation No. 8 — NDOT is not proposing an excise tax of 1 percent on the sale of new motor vehicles.
- Recommendation Nos. 9 and 10 — NDOT considers these items to be policy issues.
- Recommendation No. 11 — NDOT presently assists the rural counties with state and federal funding.
- Recommendation No. 12 — Mr. Stephens explained that the traffic flow between Pahrump and Amargosa Valley is very low and that the need for appropriation of funds to expand State Route 160 is not warranted.
- Recommendation No. 13 — It is recognized that there is a need to implement a dyed fuels program in order to suppress tax evasion. Mr. Stephens proposed that the Department of Motor Vehicles and Public Safety (DMV&PS) compile an annual report relative to tax evasion and determine the amount of lost revenues associated with tax evasion.
- Recommendation No. 14 — NDOT is opposed to transferring the responsibility for enforcing the laws regarding dyed fuels from the Nevada Highway Patrol Division to the Bureau of Enforcement, DMV&PS, since the Bureau of Enforcement is not a statewide agency.
- Recommendation No. 15 — NDOT requests that DMV&PS negotiate with the tribal governments.
- Recommendation No. 17 — NDOT will provide maps of the state's transportation system for display in a designated map room located in the Legislative Building.

In closing, Mr. Stephens stated that priorities the committee should pursue are:

1. Implementation of an anti-tax evasion program which could include an incentive program. As an example, in Montana a percentage of any money collected for tax evasion is returned to the state.

2. Fees should cover administrative costs.

3. Consider new or increased revenues (i.e., index motor fuel tax rates or diesel fuel tax increase).

Russell Law

Mr. Law, Chief Operations Analysis Engineer, NDOT, presented the committee with a chart illustrating Nevada's gas tax rate, which includes the State Highway Fund (SHF) and local mandatory and option taxes, versus the CPI adjusted gas tax rate for 1955 through 1998 (please refer to Exhibit E). Mr. Law indicated that prior to 1992, Nevada's gas tax fell well below the CPI adjusted rate and in 1992, the gas tax funding increased enabling Nevada to maintain a comparable CPI rate. However, as of 1994 to the present, Nevada's gas tax has dropped below the CPI rate. It was noted that these excise taxes are not subject to inflation as are gaming taxes, income taxes, or sales taxes.

Referring to charts depicting NDOT's 10-year revenue and expenditures for FYs 1998-2007, and NDOT's core revenue and expenses (please refer to Exhibit F), Mr. Law focused his comments on the operating costs of DMV&PS and explained that the motor vehicle privilege and sales taxes are the most complicated taxes that DMV&PS administers. Fifty percent of the funding currently collected is not highway fund money, but comes from vehicle privilege taxes and sales taxes. Mr. Law reiterated the necessity of reviewing these programs and the need to consider increasing fees commensurate with administrative costs.

With reference to Recommendation No. 19, Mr. Law favorably supports amending Chapters 365 and 372 of NRS to transfer the collection of gasoline tax from DMV&PS and move the point of tax collection to the terminal rack level, as is presently the case with collection of the special fuel tax. This amendment will maintain consistency between Chapters

365 and 372.

Responding to Senator Jacobsen's question, Mr. Stephens outlined the process and diligent efforts of Nevada's consultants in Washington D.C., as well as Nevada's Congressional Delegation in cooperation with NDOT to ensure that Nevada received their appropriate percentage of TEA-21 funding. With regard to "any strings attached to the current bill," included in the bill is an open container law which is similar to Nevada's law, as well as a repeat offender law, and a .08 percent limit for driving under the influence (DUI). It was originally proposed that there would be a sanction of 10 percent of the funds if Nevada did not revise its DUI limit to reflect the .08 percent; however, the current bill proposes a $500 million bonus allocated over a six-year period. If the present DUI limit of .1 percent is amended to reflect .08 percent, Nevada could potentially gain an additional $1 million per year for its fair share percentage.

PUBLIC TESTIMONY

Teri Baltisberger

Ms. Baltisberger, Motor Carrier Bureau, DMV&PS, presented the committee with the following recommendations from the work session document:

- Recommendation No. 1 — The DMV&PS recommends that the proposed annual date of September 1 be amended to reflect October 1, due to the fact that filing is conducted on a quarterly basis.
- Recommendation No. 14 — With regard to transferring the responsibility of enforcement of dyed fuels from the Nevada Highway Patrol Division to the Bureau of Enforcement, DMV&PS, Ms. Baltisberger suggested that the transfer of total responsibility to the Bureau of Enforcement not be imposed, but allow the Bureau to assist the Nevada Highway Patrol Division to enhance the enforcement of dyed fuels.
- Recommendation No. 18 — It was noted that a weight-distance tax would be a difficult tax to administer and would require additional staffing for auditing purposes.
- Recommendation No. 24 — This recommendation would establish a tiered registration fee schedule for heavy vehicles based on vehicle miles traveled, and would be difficult to implement as it would require other jurisdictions who are members of the International Registration Plan to administer a tiered registration schedule. Paperwork would also increase as would auditing requirements.

Alison Reardon

Ms. Reardon, State of Nevada Employees Association (SNEA), referred to Recommendation No. 2, and stated that SNEA opposes the proposal that project Genesis funding be removed from the SHF as it would then be absorbed into the State's operating budget and would, therefore, reduce the project's revenues. Ms. Reardon then commented on the establishment of toll roads and toll bridges in Nevada, Recommendation No. 23, and indicated that the association is concerned about the private/public partnerships involved in the development of toll roads and bridges.

Knight Allen

Mr. Allen, private citizen, focused his comments on gas tax indexing and the fact that indexing should not be tied to inflation. He noted that indexing tax rates is a serious error in judgment and violates very important principles regarding taxation in a free society. Discussion ensued regarding the concept of costs equaling fees and how they will affect the senior citizen community whose income, in most cases, is based on a fixed income.

Juanita Clark

Ms. Clark, private citizen, stated that she concurred with Mr. Allen's comments and urged the committee to represent all the citizens of Nevada when casting their vote on the recommendations contained in the Work Session Document.

Georgia Cody

Ms. Cody, Nevada Motor Transport Association (NMTA), stated that NMTA could not support Recommendation No. 1, fuel tax indexing, but does support Recommendations Nos. 2, 3, 9, 13, 19, 21, 22, and 26.

DISCUSSION AND COMMITTEE ACTION ON RECOMMENDATIONS TO THE 70TH SESSION OF THE NEVADA LEGISLATURE

Chairman Neighbors referred to the committee's "Work Session Document" which appears as Exhibit G. The recommendations contained in the "Work Session Document" are listed below in italics and precede the actions of the committee.

WORK SESSION DOCUMENT

June 10, 1998

LEGISLATIVE COMMISSION'S COMMITTEE TO STUDY THE

CONSTRUCTION AND MAINTENANCE OF HIGHWAYS AND ROADS

(S.C.R. 53)

This work session document was prepared by the staff of the S.C.R. 53 Committee. It contains a summary of major recommendations which have been presented in public hearings and correspondence during the course of the study. It is designed as a working document to assist the members of the committee in making decisions during the work session.

The possible recommendations listed in this document do not necessarily have the support or opposition of the committee. These proposals simply are compiled and organized so the members may review them to decide if they should be adopted, changed, rejected, or considered further. The source of each recommendation is noted in parentheses. Any recommendations adopted by the committee will be submitted to the Legislative Commission for consideration. The recommendations will be highlighted in the committee's report, and any recommendations for legislation will be included in the report as bill draft requests (BDRs). The report will be made to the 1999 Session of the Nevada Legislature.

Subsection 2 of NRS 218.240 provides that an interim committee or committee appointed by the Legislative Commission may request no more than ten BDRs. However, committees may request the preparation of additional legislative measures if the Legislative Commission approves each additional BDR by a majority vote. Under the provisions of S.C.R. 53, the committee may adopt a recommendation only if a majority of the Senators and a majority of the Assemblymen on the committee concur.

RECOMMENDATIONS — OTHER COMMITTEES

Paul Mouritsen

Mr. Mouritsen, Principal Research Analyst, Research Division, referred to S.C.R. 53 and explained that any proposal for legislation requires a majority vote of the members of the Senate and the Assembly. It was then explained that the Work Session Document was divided into three parts with the first section containing recommendations brought forward during the committee's deliberations during previous meetings. The second part of the document consists of recommendations of the interim study conducted between the 1993 and 1995 Legislative Sessions pursuant to the provisions of Assembly Bill 378 (Chapter 586, *Statutes of Nevada 1993*). Recommendations that were not adopted by the 1995 Legislature are presented in this section for the committee's consideration. The final section of the Work Session Document, "Items From Staff Reports," is an inventory of possible sources of revenue that could be used for the construction and maintenance of roads.

> ***1. Index motor fuel tax rates to the rate of inflation as measured by the Consumer Price Index. Adjust rates annually and only in increments of whole cents. Provide for the suspension of indexing if the Board of Directors of Nevada's Department of Transportation (NDOT) certify that highway needs can be adequately met without increasing the tax rate.*** *(Proposed by the Better Roads Coalition in a letter to Paul Mouritsen, dated April 29, 1998.)*

Ms. Cheryl Blomstrom, Government Affairs Director, Associated General Contractors, requested that Recommendation No. 1 be withdrawn.

> **2. *Include a statement in the committee's final report recommending that the Legislature fund the remaining costs of Project Genesis from the State General Fund rather than the State Highway Fund.*** *(Pam Miller, Associated General Contractors (AGC), November 10, 1997; Carole Vilardo, Nevada Taxpayers Association, February 13, 1998; and correspondence from Cheryl Blomstrom, AGC, dated April 28, 1998, and the Ad Hoc Transportation Group to Paul Mouritsen, dated April 29, 1998.)*

> **SENATOR RHOADS MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 2. THE MOTION WAS SECONDED BY ASSEMBLYMAN PRICE AND PASSED UNANIMOUSLY.**

> 3. ***Include a statement in the final report recommending that the Legislature fund the cost of sound walls on existing highways from sources other than the State Highway Fund.*** *(Pam Miller, AGC, November 10, 1997, and correspondence from Cheryl Blomstrom, AGC, dated April 28, 1998.)*

The committee did not take action on Recommendation No. 3.

> *4.* ***Request that the Director of Nevada's Department of Transportation (NDOT) report to the Legislature by March 1, 1999, regarding the procedures followed by the Board of Directors of NDOT in approving purchases of equipment by NDOT, whose cost exceeds $50,000, to determine whether these procedures are in accordance with NRS 408.389.*** *(Proposed by Cheryl Blomstrom, AGC, in a letter to Paul Mouritsen, dated April 28, 1998.)*

The committee did not take action on Recommendation No. 4.

> *5.* ***Include a statement in the committee's final report recommending that the Legislature fund the costs of collecting and distributing revenues relating to vehicle registration and drivers' licenses from the State Highway Fund, vehicle privilege tax collections, and collections of sales tax for the State General Fund in proportion to the amount of revenue collected by Nevada's Department of Motor Vehicles and Public Safety.*** *(Cheryl Blomstrom, AGC, dated April 28, 1998.)*

The committee did not take action on Recommendation No. 5.

> *6.* ***Include a statement in the committee's final report recommending that the Legislature return all user***

fees to the State Highway Fund including the $1 fee for the purchase of a new tire. *(Pam Miller, AGC, November 10, 1997.)*

Mr. Mouritsen responded to a question which was raised earlier in the meeting regarding the distribution of the $1 fee. He noted that 95 percent of the tire tax proceeds are placed in a solid waste management account in the State General Fund, and 5 percent is retained by the seller.

SENATOR O'DONNELL MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 6. THE MOTION WAS SECONDED BY SENATOR JACOBSEN AND CARRIED WITH ALL MEMBERS VOTING AYE EXCEPT SENATOR RHOADS WHO VOTED NAY.

7. ***Amend NRS 483.410 to increase the driver's license fee by 50 percent.*** *(Tom Stephens, Director, Nevada's Department of Transportation, hearing held January 9, 1998.)*

The committee did not take action on Recommendation No. 7.

8. ***Adopt an excise tax of 1 percent on the sale of new motor vehicles and deposit the proceeds in the State Highway Fund.*** *(Tom Stephens, Director, Nevada's Department of Transportation, hearing held January 9, 1998.)*

The committee did not take action on Recommendation No. 8.

9. ***Enact legislation modeled after Utah House Bill 266 of the 1997 Legislative Session providing for public/private partnerships****. (In a letter to Paul Mouritsen, dated April 29, 1998, the Ad Hoc Transportation Group recommended the committee adopt a public/private partnership bill modeled after the Utah House of Representatives Bill 266 of the 1997 Legislative Session. For a copy of this measure, see the Utah Legislature's web site at www.le.state.ut.us.)*

Mr. Mouritsen provided the committee with a copy of the Utah House Bill 266 referred to in Recommendation No. 9 (please refer to Exhibit H).

SENATOR RHOADS MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 9. THE MOTION WAS SECONDED BY SENATOR JACOBSEN. THE MOTION FAILED WITH ALL MEMBERS VOTING AYE EXCEPT SENATORS ADLER AND O'DONNELL, AND ASSEMBLYMAN PRICE WHO VOTED NAY.

10. ***Deposit the proceeds of the sales and use taxes collected on new and used vehicles from the State General Fund to the State Highway Fund. Make this change over a period of ten years by transferring 10 percent each year.*** *(Carole Vilardo, Nevada Taxpayers Association, hearing held in Pahrump, Nevada, February 13, 1998.)*

SENATOR RHOADS MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 10. THE MOTION WAS SECONDED BY SENATOR JACOBSEN AND CARRIED WITH ALL MEMBERS VOTING AYE EXCEPT SENATOR O'DONNELL AND ASSEMBLYMAN NEIGHBORS WHO VOTED NAY.

11. ***Require that Nevada's Department of Transportation assist the rural counties in developing a computerized pavement management system.*** *(Carole Vilardo, Nevada Taxpayers Association, February 13, 1998.)*

Mr. Mouritsen referred to a workshop brochure that Mr. Law, Chief Operations Analysis Engineer, Nevada's Department of Transportation, presented to the committee (please refer to Exhibit I). The brochure depicts the type of technical assistance that is currently available to the rural counties for development of a pavement management system.

SENATOR O'DONNELL MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 11. THE MOTION WAS SECONDED BY SENATOR RHOADS AND CARRIED UNANIMOUSLY.

*12. **Include a statement in the committee's final report recommending that the Legislature appropriate funds for the expansion of State Route 160 from Pahrump through Amargosa Valley to U.S. Highway 95.** (Sandy Harmon, Executive Director, Economic Development Authority, Esmeralda and Nye Counties [EDEN].)*

Mr. Stephens, Director, Nevada's Department of Transportation, submitted a handout to the committee outlining the existing traffic counts on U.S. Highway 95 at Amargosa Valley, the Mercury Interchange, and the cost estimates involved in widening SR 160 to four lanes (please refer to Exhibit J).

Chairman Neighbors stated that Recommendation No. 12 had been withdrawn.

*13. **Require that the Department of Motor Vehicles and Public Safety report to the Legislature by March 1 in each legislative session year regarding the implementation of the dyed fuels program**. (Tom Stephens, Director, Nevada's Department of Transportation, hearing held February 13, 1998.)*

SENATOR RHOADS MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 13. THE MOTION WAS SECONDED BY SENATOR O'DONNELL AND CARRIED UNANIMOUSLY.

*14. **Transfer responsibility for enforcing the laws regarding dyed fuels from the Nevada Highway Patrol Division to the Bureau of Enforcement, Department of Motor Vehicles and Public Safety**. (Peter D. Krueger, Nevada Petroleum Marketers' Association, February 13, 1998.)*

Senator Rhoads stated that the reason he could not support Recommendation No. 14 is that the Bureau of Enforcement, Registration Division, Department of Motor Vehicles and Public Safety, who would assume responsibility for the enforcement of dyed fuels, does not operate throughout the State of Nevada and, therefore, would make it difficult to monitor the program.

SENATOR JACOBSEN MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 14. THE MOTION WAS SECONDED BY SENATOR O'DONNELL. THE MOTION FAILED WITH SENATOR JACOBSEN AND ASSEMBLYMAN PRICE VOTING YEA, AND SENATORS ADLER, O'DONNELL, AND RHOADS, AND ASSEMBLYMEN AMODEI, NEIGHBORS, AND PARKS VOTING NAY.

*15. **Include a statement in the committee's final report recommending that the Legislature request that the Department of Motor Vehicles and Public Safety expedite negotiations between the tribal government and the State of Nevada regarding regulations affecting special fuel tax enforcement.** (Peter D. Krueger, Nevada Petroleum Marketers' Association, February 13, 1998.)*

SENATOR ADLER MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 15. THE MOTION WAS SECONDED BY SENATOR O'DONNELL AND CARRIED UNANIMOUSLY.

*16. **Require that the Department of Motor Vehicles and Public Safety conduct a study of the costs incurred to administer driver's license and motor vehicle registration programs to determine whether the current fees cover administration costs.** (Tom Stephens, Director, Nevada's Department of Transportation, March 20, 1998.)*

SENATOR RHOADS MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 16. THE MOTION WAS SECONDED BY ASSEMBLYMAN PARKS AND CARRIED WITH SENATOR ADLER VOTING NAY.

17. ***Recommend that the Legislative Commission designate a map room in the Legislative Building in which maps of the State's transportation system could be made available for the perusal of the legislators and the public.*** *(Senator Lawrence Jacobsen and Senator Bill R. O'Donnell, March 20, 1998.)*

Nan Bowers, Legislative Librarian, Research Division, Legislative Counsel Bureau, referred to a memorandum that was previously distributed to the committee members and explained that NDOT currently produces two publications which are available in the Legislative Library and contain detailed highway maps: "Nevada State Maintained Highways: Descriptions, Index and Maps," and "Nevada Map Atlas" (please refer to Exhibit K).

SENATOR JACOBSEN MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 17. THE MOTION WAS SECONDED BY SENATOR O'DONNELL AND CARRIED UNANIMOUSLY.

Senator Rhoads requested that language be included in the committee's final report in Recommendation No. 17 which would address the problem of service stations situated in rural Nevada, and the need to draft legislation which would enable Nevada's Department of Transportation to assist these rural communities. To illustrate his point, Senator Rhoads referred to a "mom and pop" service station in Denio, Nevada, which, due to the expense of gasoline tank replacement, were forced to close their business. With the closure of this service station, there is now a distance of 180 miles to the next available service station.

Mr. Stephens, Director, Nevada's Department of Transportation (NDOT), commented that NDOT certainly did not want to see gas stations going out of business in remote areas thus creating a gap in service station accessibility, and recommended that a study be conducted to retain service station access in rural Nevada.

SENATOR RHOADS MOVED THAT LANGUAGE BE INCLUDED IN RECOMMENDATION NO. 17 THAT WOULD ADDRESS THE AVAILABILITY OF SERVICE STATIONS IN RURAL AREAS OF NEVADA, AND THAT LEGISLATION BE DRAFTED WHICH WOULD ENABLE NEVADA'S DEPARTMENT OF TRANSPORTATION TO ASSIST THE RURAL COMMUNITIES OF NEVADA. THE MOTION WAS SECONDED BY SENATOR JACOBSEN AND PASSED UNANIMOUSLY.

RECOMMENDATIONS FROM THE 1993-1995 STUDY

Senate Concurrent Resolution No. 53 requires that the committee review the recommendations of the interim study conducted between the 1993 and 1995 Legislative Sessions pursuant to the provisions of Assembly Bill 378 (Chapter 586*, Statutes of Nevada 1993*). The report of that study, entitled "Financing, Construction and Maintenance of Highways and Roads in Nevada," Legislative Counsel Bureau Bulletin No. 95-2, *Summary of Reports of the Legislative Commission to the 68th Session of the Nevada Legislature, January 1997*, included some recommendations that were not adopted by the Legislature in 1995. Those recommendations are presented here for the committee's consideration.

18. ***Prepare and introduce a new draft of Assembly Bill 760 of the 1993 Legislative Session, which imposes a weight-distance tax of 3.8 to 8.2 cents per mile, depending on the declared gross weight of the vehicle, on all vehicles with weights in excess of 26,000 pounds for consideration by the 1999***

Legislature. *(During the 1995 Legislative Session, a bill was drafted on this subject but was not introduced.)*

A MOTION WAS MADE TO ADOPT RECOMMENDATION NO. 18. THE MOTION FAILED WITH SENATORS ADLER, JACOBSEN, O'DONNELL, AND RHOADS, AND ASSEMBLYMEN AMODEI, NEIGHBORS, PARKS, AND PRICE VOTING NAY.

19. ***Amend Chapters 365 and 372 of Nevada Revised Statutes to transfer the collection of gasoline tax to the Department of Motor Vehicles and Public Safety and change the point at which the tax is collected to the terminal rack level, as is now the case with collections of the special fuel tax.*** *(During the 1995 Legislative Session, this proposal was introduced as A.B. 423 and died in the Assembly Committee on Ways and Means. A similar bill, A.B. 275, was introduced during the 1997 Legislative Session, which died in the Assembly Committee on Taxation. The consolidation of the collection of this tax is now being studied by a committee appointed pursuant to A.B. 204 (Chapter 492, Nevada Revised Statutes 1997).*

SENATOR ADLER MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 19. THE MOTION WAS SECONDED BY SENATOR RHOADS AND CARRIED UNANIMOUSLY.

20. ***Repeal the 22 percent limit imposed by Nevada Revised Statutes 408.235 on the amount retained by the Department of Motor Vehicles and Public Safety to cover the cost of collecting motor vehicle fees and taxes.*** *(This proposal was introduced in the 1995 Legislative Session as part of A.B. 422, but was not enacted.)*

Debbra J. King, CPA, Program Analyst, Fiscal Analysis Division, addressed the 22 percent cap and the fact that the cost of collecting the fees may not exceed 22 percent of the fees collected. The 1995 Legislature moved the motor vehicle privilege tax commission from a direct deposit into the SHF to the motor vehicle account. This was not an issue during the 1997 Legislative Session and probably will not be an issue during the 1999 Session, but with the increased population in Nevada, as well as increased service requirements, it could become an issue in future bienniums.

The committee did not take action on Recommendation No. 20.

21. ***Amend Nevada Revised Statutes 482.313 to require that proceeds of the state fee on short-term leases of passenger vehicles be deposited in the State Highway Fund, rather than the State General Fund.*** *(This proposal was introduced in the 1995 Legislative Session as A.B. 419, which died in the Assembly Committee on Ways and Means. The Legislature again discussed the issue in 1997 when A.B. 135 was introduced. This measure also died in the Assembly Committee on Ways and Means. This recommendation was also made by Carole Vilardo of the Nevada Taxpayers Association at the committee's meeting in Pahrump, Nevada, on February 13, 1998, and by the Ad Hoc Transportation Group, in a letter to Paul Mouritsen, dated April 29, 1998. The latter group proposes that the change take effect on July 1, 2001.)*

Mr. Mouritsen explained to the committee that the Ad Hoc Transportation Group proposed that the effective date for this transition be set on July 1, 2001, to better accommodate the change in the State General Fund revenues.

Senator O'Donnell stated that although he could not support Recommendation No. 21, there would be similar legislation introduced in the near future.

SENATOR ADLER MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 21. THE MOTION WAS SECONDED BY SENATOR RHOADS AND CARRIED WITH

SENATOR O'DONNELL VOTING NAY.

22. ***Amend Nevada Revised Statutes 366.197 to delete the reference to liquefied petroleum gas (LPG) in the conversion formula.*** *(In 1995, A.B. 421, which contained this proposal, died in the Assembly Committee on Taxation. In 1997, A.B. 666 and the first reprint of Senate Bill 452 had similar provisions, but neither passed. This change was also proposed by Peter D. Krueger, Nevada Petroleum Marketers' Association, February 13, 1998. The Ad Hoc Transportation Group endorsed this proposal in a letter to Paul Mouritsen, dated April 29, 1998.)*

Senator O'Donnell explained that he could not support this recommendation due to the fact that Las Vegas is considered a nonattainment area. If the LPG conversion is removed from the formula, there will be no incentive for taxi cabs and fleet vehicles to use LPG.

SENATOR RHOADS MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 22. THE MOTION WAS SECONDED BY SENATOR JACOBSEN AND CARRIED WITH SENATOR O'DONNELL AND ASSEMBLYMAN PRICE VOTING NAY.

23. ***Authorize the establishment of toll roads and toll bridges in Nevada.*** *(During the 1995 Legislative Session, A.B. 413 passed the Assembly and died in the Senate Committee on Transportation. During the 1997 Legislative Session, two toll road bills were introduced. Assembly Bill 403 lost in the Assembly on a final vote and A.B. 499 passed the Assembly but died in the Senate Committee on Transportation.)*

SENATOR RHOADS MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 23. THE MOTION WAS SECONDED BY SENATOR JACOBSEN. THE MOTION FAILED WITH SENATORS ADLER AND O'DONNELL, AND ASSEMBLYMEN NEIGHBORS AND PARKS VOTING NAY.

24. ***Amend Chapter 482 of Nevada Revised Statutes to establish a tiered registration fee schedule for heavy vehicles grouped on the basis of the miles a vehicle travels.*** *(This proposal was included in A.B. 420 of the 1995 Legislative Session, which died in the Assembly Committee on Transportation.)*

The committee did not take action on Recommendation No. 24.

25. ***Amend Subsection 2 of Nevada Revised Statutes 484.743, which limits the fee for issuing overweight permits to the amount required to cover the cost of administering the permit system and allow the Board of Directors of Nevada's Department of Transportation to establish a fee schedule that reflects the highway damage incurred from overweight vehicles.*** *(This proposal was introduced in 1995 as A.B. 422, but was not enacted.)*

SENATOR O'DONNELL MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 25. THE MOTION WAS SECONDED BY ASSEMBLYMAN PARKS AND CARRIED UNANIMOUSLY.

26. ***Include a statement in the committee's final report recommending that the Legislature request that the Governor should not propose, nor the Legislature enact, any additional exemptions or exclusions from state motor fuel taxes.*** *(In a letter to Paul Mouritsen, dated April 29, 1998, the Ad Hoc Transportation Group endorsed this recommendation.)*

The committee did not take action on Recommendation No. 26.

ITEMS FROM STAFF REPORTS

At the request of the committee, Paul Mouritsen prepared an inventory of possible sources of revenue for the construction and maintenance of highways and roads. This report was presented to the committee at the January 9, 1998, meeting in Reno, Nevada. Items from the report that have not been included in previous recommendations are listed below.

> *27.* ***Increase the gasoline tax by ____ cents per gallon.***

The committee did not take action on Recommendation No. 27.

> *28.* ***Address a letter to Nevada's Congressional Delegation requesting they allow the federal excise taxes on gasoline, special fuels, trucks and trailers, motor vehicles, and tires to expire on October 1, 1999;***
>
> ***Or***
>
> ***Address a letter to Nevada's Congressional Delegation requesting they support legislation allowing these taxes to continue.***

Mr. Stephens, Director, Nevada's Department of Transportation, was of the opinion that this item should not be of concern and indicated that the expiration date of October 1, 1999, regarding federal excise taxes should be addressed under the new TEA-21 bill.

The committee did not take action on Recommendation No. 28.

> *29.* ***Require that all counties impose the gasoline tax at a uniform rate.*** *(This proposal was made in connection with the proposal to move the point of collection for the gasoline tax to the terminal rack.)*

Senator Rhoads commented that if the point of collection for gasoline tax was changed, a number of people in the rural counties in Nevada would cross over to an urban county to purchase their gasoline at a reduced rate. For that reason, Senator Rhoads could not support Recommendation No. 29.

SENATOR O'DONNELL MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 29. THE MOTION WAS SECONDED BY SENATOR JACOBSEN. THE MOTION FAILED WITH SENATORS ADLER, JACOBSEN, AND RHOADS, AND ASSEMBLYMEN AMODEI, NEIGHBORS, PARKS, AND PRICE VOTING NAY.

> *30.* ***Include a statement in the committee's final report recommending that the Legislature request that the Department of Taxation take measures to reduce gasoline tax evasion, such as conducting field audits of taxpayers.***

SENATOR JACOBSEN MOVED THAT THE COMMITTEE ADOPT RECOMMENDATION NO. 30. THE MOTION WAS SECONDED BY ASSEMBLYMAN PARKS AND CARRIED UNANIMOUSLY.

31. ***Increase the tax on diesel fuel by 6 cents per gallon, making the rate equal to the combined state and local tax on gasoline.***

In response to Assemblyman Price's comment, Mr. Law, Chief Operations Analysis Engineer, Nevada's Department of Transportation, explained that if there was a substantial price differential in diesel fuel between Nevada and neighboring states, the tendency would be to purchase fuels out-of-state, thus creating the possibility of reporting more miles in other states as opposed to Nevada. In Oregon, an extensive study was conducted in which it was determined that when diesel fuel rates increased, it was estimated that evasion could be as high as 75 percent when there is a cost differential of 50 cents.

The committee did not take action on Recommendation No. 31.

32. ***Impose a statewide vehicle privilege tax of 1 percent with the proceeds deposited in the State Highway Fund;***

Or

Require local governments that have not imposed a 1 percent special privilege tax for roads to do so (every county except Clark County).

The committee did not take action on Recommendation No. 32.

33. ***Impose a sales tax of ___ percent statewide to provide funds for the construction and maintenance of highways and roads. Deposit the proceeds of the tax in the State Highway Fund.***

The committee did not take action on Recommendation No. 33.

34. ***Impose a property tax rate of ____ cents per $100 assessed valuation and deposit the proceeds in the State Highway Fund.***

The committee did not take action on Recommendation No. 34.

35. ***Increase the license fee based on gross gaming revenue by 1 percent and deposit the proceeds in the State Highway Fund.***

The committee did not take action on Recommendation No. 35.

ADJOURNMENT

The Chairman thanked the members and staff of the committee who provided assistance during this study.

There being no further business, the committee adjourned at 3:30 p.m.

Respectfully submitted,

Roxanne Duer

Senior Research Secretary

APPROVED BY:

____

Assemblyman P.M. Roy Neighbors, Chairman

Date: ______________________________

LIST OF EXHIBITS

Exhibit A is a handout, titled "Senate Concurrent Resolution 53 — Legislative Commission's Committee, Las Vegas — June 10, 1998, Reauthorization of Federal Transportation Legislation," submitted by John T. Price, P.E., Division Administrator, Federal Highway Administration, U.S. Department of Transportation.

Exhibit B is a presentation by J. C. de la Garza, Transportation Manager, Yucca Mountain Site Characterization Office, U.S. Department of Energy, titled "Yucca Mountain Site Characterization Office Transportation Planning."

Exhibit C is an overview of the Motor Fuel Tracking System provided by William S. Gosnell, Manager, Motor Vehicle Services, Lockheed Martin, dated June 3, 1998.

Exhibit D is a memorandum, titled "NDOT Equipment Purchases Exceeding $50,000," dated June 9, 1998, submitted by Tom Stephens, Director, Nevada's Department of Transportation.

Exhibit E was submitted by Russell Law, Chief Operations Analysis Engineer, Nevada's Department of Transportation, titled "Nevada* Gas Tax vs. CPI Adjusted Gas Tax, 1995-1998," dated May 4, 1998.

Exhibit F was provided by Russell Law, Chief Operations Analysis Engineer, Nevada's Department of Transportation, and contains the following items:

1. A chart, titled "10-Year Revenue & Expenditures, Fiscal Years 1998-2007."
2. A chart, titled "CORE REVENUE TO NEVADA DOT, Fiscal Year 1999 Projections With TEA-21."
3. A chart, titled "CORE EXPENSES, Fiscal Year 1999 Projections With TEA-21."

Exhibit G is a copy of the "Work Session Document," dated June 10, 1998, that was prepared by staff of the S.C.R. 53 Committee.

Exhibit H is a handout submitted by Paul Mouritsen, Principal Research Analyst, Research Division, titled "H.B. 266 Enrolled, UTAH DEPARTMENT OF TRANSPORTATION, AUTHORITY TO CONSTRUCT TOLL ROADS AND LANES," dated June 10, 1998.

Exhibit I is a brochure, titled "Pavement Management System," submitted by Russell Law, Chief Operations Analysis Engineer, Nevada's Department of Transportation.

Exhibit J is a copy of a handout submitted by Tom Stephens, Director, Nevada's Department of Transportation, titled "SCR 53 COMMITTEE — RECOMMENDATION #12."

Exhibit K, submitted by Nan Bowers, Legislative Librarian, Research Division, Legislative Counsel Bureau, submitted a handout, titled "Nevada Highway Maps."

Exhibit L is the "Attendance Record" for this meeting.

Copies of the materials distributed in the meeting are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the library at (702) 684-6827.