NEVADA LEGISLATURE
JOINT INTERIM STANDING COMMITTEE ON GROWTH AND INFRASTRUCTURE

(*Nevada Revised Statutes* [NRS] 218E.320)

DRAFT MINUTES

August 29, 2024

The sixth meeting of the Joint Interim Standing Committee on Growth and Infrastructure for the 2023–2024 Interim was held on Thursday, August 29, 2024, at 9 a.m. in Room 165 of the Nevada Legislature Office Building, 7230 Amigo Street, Las Vegas, Nevada. The meeting was videoconferenced to Room 3138, Legislative Building, 401 South Carson Street, Carson City, Nevada.

The agenda, minutes, meeting materials, and audio or video recording of the meeting are available on the Committee's meeting page. The audio or video recording may also be found at https://www.leg.state.nv.us/Video/. Copies of the audio or video record can be obtained through the Publications Office of the Legislative Counsel Bureau (LCB) (publications@lcb.state.nv.us or 775/684-6835).

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Dallas Harris, Chair
Assemblyman Howard Watts, Vice Chair
Senator Carrie A. Buck
Assemblyman Max Carter
Assemblywoman Michelle Gorelow (Alternate for Assemblywoman Brown-May)

COMMITTEE MEMBER PRESENT IN CARSON CITY:

Senator Skip Daly

COMMITTEE MEMBERS ATTENDING REMOTELY:

Assemblywoman Jill Dickman
Assemblywoman Danielle Gallant

COMMITTEE MEMBER ABSENT:

Assemblywoman Tracy Brown-May (excused)

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Kristin Rossiter, Senior Policy Analyst, Research Division
Jann Stinnesbeck, Principal Policy Analyst, Research Division
Julianne King, Assistant Manager of Research Policy Assistants, Research Division
Cameron Newton, Deputy Legislative Counsel, Legal Division
Jessica Dummer, Senior Principal Deputy Legislative Counsel, Legal Division
Julie Waller, Principal Deputy Fiscal Analyst, Fiscal Analysis Division

Items taken out of sequence during the meeting have been placed in agenda order.
[Indicate a summary of comments.]

AGENDA ITEM I—CALL TO ORDER AND OPENING REMARKS

Chair Harris:

Good morning and welcome to the sixth and final meeting of the Joint Interim Standing Committee on Growth and Infrastructure for the 2023–2024 Interim.

Before we begin with today's agenda items, which include our Committee's Work Session and presentations on sustainable transportation funding and Nevada Department of Motor Vehicles (DMV)-related services, I would like to acknowledge that we are meeting for the first time at our new facility in Las Vegas.

[Chair Harris reviewed meeting protocols.]

AGENDA ITEM II—PUBLIC COMMENT

Chair Harris:

We will jump right into our first section of public comment. It will be limited to two minutes per speaker. An additional opportunity to provide public comment will be available at the end of the meeting. You can provide public comment here in Las Vegas, Carson City, or via telephone at the number posted on today's agenda.

Is there anyone who would like to provide public comment in Las Vegas?

Alexis Motarex, Director of Government Affairs, Nevada Chapter, Associated General Contractors (AGC):

Thank you, Madam Chair and Members of the Committee. I am with the Nevada Chapter AGC representing the commercial construction industry in Northern Nevada. I am here today on Item V.

While we are delighted to see this Item on the agenda, the AGC has long advocated for sustainable and equitable highway funding. We have participated in every stakeholder group, Blue Ribbon Task Force, Advisory Working Group (AWG), and an interim study on this issue for at least the last two decades. What is clear is that we need to do something to address the growing shortfall in the Highway Fund that has been created by an inadequate gas tax that has not been adjusted since 1993. It is not indexed to inflation. We have increased fuel efficiency and a growing market share of hybrids and zero-emission vehicles. What else is clear is that there is no simple or easy solution and no magic bullet. Flat registration fees sound good but are not equitable. Someone who drives 20,000 miles a year should not pay the same fee as someone who only drives 10,000 miles.

Another option that has been discussed is charging per kilowatt hour. While more fair than a registration fee, the electric infrastructure does not exist to make that a viable option. Many believe a hybrid approach is a solution—a registration fee and a kilowatt-hour fee on public charging stations to capture non-Nevada vehicles. This has challenges as well because there is the probability, especially as electric vehicles (EVs) become more prevalent, that Nevadans will actually be double taxed—once with the registration fee and again at any public charging station.

Another item that has been talked about is vehicle miles traveled (VMT) or a road user charge. It seems to be the most equitable solution and remains effective regardless of the emerging transportation technologies. It is not also without its own challenges, so there are collection and privacy issues that would need to be overcome, but those seem to be more manageable than others. So again, no easy solution to this, no magic bullet, but we do appreciate the conversation and are glad so many more people are beginning to take notice of this problem. We hope to continue the dialogue until a sustainable and equitable solution is found so that we do not make the mistake of a band-aid approach that does not truly solve the problem.

Olivia Tanager, Executive Director, Sierra Club Toiyabe Chapter:

Good morning, Chair Harris and Members of the Committee. The Sierra Club's Toiyabe Chapter is the largest grassroots environmental group in our great State. We will be here today to answer any questions you might have related to reporting on disconnections or agrivoltaics.

Ultimately, we are asking for simple reporting on the number of energy disconnections—25 states, as well as Washington, D.C., have an active formal reporting requirement designated either by state regulatory action or state legislative determination. Nevada does not currently report information on disconnections, so we are requesting legislation to direct the Public Utilities Commission [of Nevada] (PUCN) to require energy providers to report power disconnections, household demographics that are properly anonymized, and location to the PUCN. This will help service providers prevent disconnections [and] help people be more involved in the zip codes that are experiencing higher rates of disconnections, et cetera. We also strongly support agrivoltaics development in Nevada.

You might not know this, but just this morning, the Bureau of Land Management released its Western Solar Plan that determines where solar can be appropriately cited in our State and across the Western United States. We hope that agrivoltaics will be an important and increasingly large part of our renewable energy portfolio here in Nevada and support some of our rural farmers and people in the agriculture industry in the State.

With that being said, I will be around for any questions, but we appreciate you taking up these issues and appreciate your time today. Thank you.

Sheila Bray, Community Partnerships Coordinator for Clark County, University of Nevada, Reno (UNR):

Good morning, Members of the Committee. I first wanted to take a moment to thank you for allowing us to present twice to you during this interim session—once on hydrogen as energy and then again on agrivoltaics and here today. I am here to provide our support for agrivoltaics—your Number 6 request item today that you are going to be reviewing. We had a presentation during the interim on this, and it is, especially as the previous speaker had mentioned, a critical piece for us to look at as we move forward in the State. Thank you, and we will be here today as well for questions.

Chair Harris:

Do we have anyone in Carson City who would like to provide public comment today?

Senator Daly:

There is no one coming up, Madam Chair.

Chair Harris:

Thank you, Senator.

Broadcast and Production Services (BPS), is there anyone on the phone lines who would like to provide public comment?

BPS:

If you would like to participate in public comment, please press *9 on your phone to take your place in the queue.

Kerry Rohrmeier, Nevada Climate and Energy Strategy Director, The Nature Conservancy (TNC):

Good morning. We appreciate the opportunity for the Growth and Infrastructure Committee to be considering the request of the Work Session in preparation for the legislative session.

In reviewing the recommendations today, we feel many align with our initiatives and programs taking place across Nevada. Specifically, TNC strongly supports B-4, establishing provisions so that recycling clean energy products; B-5, promoting climate-resilient building benchmarks; B-6, promoting demonstration of agrivoltaics; B-7, requiring large-scale solar generation facilities to purchase from local utilities; and B-10, requiring power service disconnection reporting on household demographics.

I appreciate your time. The Nature Conservancy believes in keeping nature and communities at the center of our decarbonizing economy and knows that when we work together, we can achieve our State's clean energy goals without sacrificing the environment. I appreciate you hearing our comments today.

BPS:

Chair, the public line is open and working; however, there are no more callers at this time.

Chair Harris:

Thank you. As noted, we will have another round of public comment at the end of today's meeting.

Committee Members, I would like to note there are a number of electronic submittals under public comment today. Earlier in the interim, I requested that NV Energy come speak to the Committee about the proposal to increase the basic service charge in their northern territory. Unfortunately, they have declined the opportunity to come speak with us, and they have provided that in a letter (Agenda Item II A). I have also written a letter as the Chair of the Committee in response (Agenda Item II B). Both letters are available for the public to see under public comment.

I believe we have a few other electronic public comments as well. Those are available for folks to look at.

AGENDA ITEM III—APPROVAL OF THE MINUTES FOR THE MEETINGS ON MAY 29 AND JULY 17, 2024

Chair Harris:

We will go on to the approval of the minutes for the meetings on May 29 and July 17, 2024. The minutes for the meetings have been distributed to Committee Members for review. Is there a motion to approve the minutes?

> VICE CHAIR WATTS MOVED TO APPROVE THE MINUTES OF THE MEETINGS HELD ON MAY 29 AND JULY 17, 2024.
>
> ASSEMBLYMAN CARTER SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY.

*****

AGENDA ITEM IV—WORK SESSION—DISCUSSION AND POSSIBLE ACTION ON RECOMMENDATIONS RELATING TO:

Chair Harris:

The next item on the agenda today is the Work Session. Members have been provided with the "Work Session Document" (WSD) which is also posted on the Committee meeting web page. (Agenda Item IV)

The WSD contains a list of proposed recommendations for the Committee to consider. I am going to turn it over to our Policy Analyst to provide an introduction. Before we do so, I wanted to note that the Committee will not be considering Recommendation Number 8 today. With that note, Ms. Rossiter, please proceed when you are ready.

Ms. Rossiter:

As nonpartisan staff, we do not advocate in favor of nor in opposition to any issue that comes before the Committee. I would like to provide a brief introduction regarding the WSD that is before you. The Chair and LCB staff of the Committee have prepared this WSD to assist the Committee in determining which legislative measures it will request for the 2025 Session of the Nevada Legislature as well as other actions the Committee may endorse. The WSD contains a summary of recommendations presented during public hearings, through communication with individual Committee Members, or through correspondence submitted to the Committee Members and staff.

The Members of the Committee do not necessarily support or oppose the recommendations in this WSD. Committee staff has compiled and organized the proposals so that Committee Members can review them and decide whether they want to accept, reject, modify, or take no action on the recommendations. The WSD is grouped in the proposals by topic, and they are not preferentially ordered.

Pursuant to NRS 218D.160, the Committee is limited to ten legislative measures, which include both bill draft requests (BDR) and requests for the drafting of resolutions. The Committee may vote to send as many statements or letters of recommendation or support as it chooses and include any statements in its final report. Additionally, subsection 5 of

NRS 218E.560 requires that any recommendations for legislation proposed by the Committee must be approved by a majority of the Members of the Senate and the majority of the Members of the Assembly appointed to the Committee.

Committee Members are advised that LCB staff, at the direction of the Chair, may coordinate with interested parties to obtain additional information for drafting purposes or for information to be included in the Committee's final report.

There is a summary of the recommendations in the WSD. At the Chair's direction, I can proceed with a quick summary of each, or if you have any further direction for the Committee, I can conclude at this time.

Chair Harris:

Thank you, Ms. Rossiter. Members, are there any recommendations we would like to pull for separate consideration? Aside from Items 1 and 2. [There were none.]

Ms. Rossiter, please, if you could, provide a brief summary of the recommendations we will be considering today, and then we will take a motion.

Ms. Rossiter:

Thank you, Chair Harris. I will provide a brief summary. There is further detail in the WSD following each of these recommendations.

A. TRAFFIC SAFETY AND INFRASTRUCTURE

Ms. Rossiter:

The first, under the category of traffic safety and infrastructure, is to request the drafting of a bill authorizing the usage of cameras to enforce school bus stop-arm traffic violations. These are based on recommendations by BusPatrol America.

The second is the drafting of a bill on traffic safety infrastructure that creates safer streets for all users and focuses on high-impact areas as well as authorizes the installation and use of road safety camera systems. This is based on recommendations submitted by the Nevada Advisory Committee on Traffic Safety (NVACTS) and by the Fines and Fees Justice Center.

The third is to request the drafting of a bill to improve traffic safety by revising provisions related to driving under the influence submitted by NVACTS.

B. ENERGY

Ms. Rossiter:

The next topic is related to energy. Number 4 requests the drafting of a bill establishing provisions related to recycling clean energy products, specifically lithium batteries and photovoltaic solar panels. This is recommended by Vice Chair Watts.

Item 5 is to request the drafting of a bill revising provisions related to Nevada's Green Building Tax Abatement Program to promote climate-resilient building construction and renovation, decrease energy demand, and establish a voluntary benchmarking program for buildings. This is also recommended by Vice Chair Watts.

Number 6 is to request the drafting of a bill to establish a definition of an "agrivoltaics" project and promote and support the development of agrivoltaics demonstration projects within the State as well as to identify funding related to agrivoltaics projects based on recommendations submitted by Vice Chair Watts, Sierra Club Toiyabe Chapter, and by the UNR Extension.

Number 7 is to request the drafting of a bill requiring large-scale solar generation facilities to purchase electric loads from local utilities in whose service territory the generator resides. This is recommended by the Valley Electric Association and by the Nevada Rural Electric Association.

C. UTILITIES

Ms. Rossiter:

The next category under utilities is to request the drafting of a bill to revise provisions concerning natural gas infrastructure projects and contractor performance requirements. As Chair Harris mentioned, this is not under consideration.

Number 9 is to request the drafting of a bill to revise provisions concerning motor vehicle fuels; recommended by the Nevada Petroleum Marketers and Convenience Store Association.

Finally, Number 10 is to request the drafting of a bill to direct the PUCN to require Nevada energy providers to report power disconnections, household demographics, and location to the PUCN; recommended by the Sierra Club Toiyabe Chapter.

Chair Harris:

I would like to remind Committee Members that a vote on these recommendations today is simply a vote to approve the drafting of a BDR, not a vote in favor of or against a legislative measure. Are there any questions or comments from the Committee at this time?

Assemblywoman Dickman:

Are we discussing the two you mentioned and voting on the others as a block?

Chair Harris:

It is my intention, Assemblywoman Dickman, to take one motion that would approve Recommendations 3, 4, 5, 6, 7, 9, and 10. And then we will do one motion separately to consider Recommendations 1 and 2. They will get their own vote.

Assemblywoman Dickman:

I would like to be a no on some of these, but I should have spoken up.

Chair Harris:

It is not too late. If you would like me to pull any of those, I am happy to do that, and do individual votes on that as well.

Assemblywoman Dickman:

Could we do Recommendations 5, 6, and 10?

Chair Harris:

Absolutely. Any other items at this time?

I will turn it over. I believe Vice Chair Watts has a motion.

Vice Chair Watts:

With that, I would like to move to approve Work Session Recommendations 3, 4, 7, and 9.

> VICE CHAIR WATTS MOVED TO APPROVE RECOMMENDATIONS A-3, B-4, B-7, AND C-9.
>
> ASSEMBLYMAN CARTER SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY.

*****

Chair Harris:

We will go back now and consider each of the individual items we have pulled. Let us go ahead and turn to Recommendation Number 1, which is requesting the drafting of a bill authorizing the usage of cameras to enforce school bus stop-arm traffic violations. Do we have a motion on this item?

> VICE CHAIR WATTS MOVED TO APPROVE RECOMMENDATION A-1.
>
> ASSEMBLYWOMAN GORELOW SECONDED THE MOTION.
>
> THE MOTION PASSED. (ASSEMBLYWOMAN DICKMAN VOTED NO.)

*****

Chair Harris:

Let us go ahead and move on to Recommendation Number 2. This is requesting the drafting of a bill on traffic safety infrastructure that creates safer streets for users and focuses on high-impact areas as well as authorizes the installation and use of road safety camera systems under certain conditions. Do we have a motion on Item Number 2?

> VICE CHAIR WATTS MOVED TO APPROVE RECOMMENDATION A-2.
>
> ASSEMBLYWOMAN GORELOW SECONDED THE MOTION.

Senator Daly:

[This is] not really a question, but a comment. [I am] not really in favor of this particular proposal. I promised, on the school bus one—which we just did—that I would keep an open mind, so I did not vote against that one. If it is needed to get the bill to be a draft, and we have a Committee process to go forward, I can support it. Otherwise, I would oppose. But if you need the vote, we will get it out of the Committee today.

Chair Harris:

[That is] very much appreciated, Senator Daly. Any other discussion on that motion?

Assemblywoman Gallant:

I have some reservations about this BDR. However, I am happy to pass it through the Committee. I am looking forward to diving into this during session. At this point, I am going to vote yes, but with reservations.

Chair Harris:

Understood. Thank you. Assemblywoman Dickman.

Assemblywoman Dickman:

Thank you, Madam Chair. I have a question. You referred to traffic cameras, "under certain conditions." What are those conditions? Do we know?

Chair Harris:

This bill will be going through the legislative process, so changes will likely be made, but it is my intention that there not be an authorization of safety cameras without any guardrails around that, whether that be timewise, conditions on enforcement, or whether points are assessed. I want to ensure these are used everywhere and not in a discriminatory fashion. There will be conditions on how these are used.

Assemblywoman Dickman:

I am still no on this, but I appreciate that.

> THE MOTION PASSED. (SENATOR DALY AND ASSEMBLYWOMAN DICKMAN VOTED NO.)

*****

Chair Harris:

We will now move on to Number 5. Recommendation 5 is revising provisions related to Nevada's Green Building Tax Abatement Program to promote climate-resilient building construction and renovation, decrease energy demand, and establish a voluntary benchmarking program for buildings.

Do we have a motion on the Recommendation?

VICE CHAIR WATTS MOVED TO APPROVE RECOMMENDATION B-5.

ASSEMBLYMAN CARTER SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR BUCK AND ASSEMBLYMEMBERS DICKMAN AND GALLANT VOTED NO.)

*****

Chair Harris:

We will now move on to Recommendation Number 6, which is to request the drafting of a bill to establish a definition of an agrivoltaics project and promote and support the development of agrivoltaics demonstration projects within the State as well as to identify funding related to agrivoltaics projects.

Is there a motion on number 6?

VICE CHAIR WATTS MOVED TO APPROVE RECOMMENDATION B-6.

ASSEMBLYMAN CARTER SECONDED THE MOTION.

Chair Harris:

Any discussion on this motion?

Vice Chair Watts:

I would be curious, if there are concerns that any of my colleagues have, if they could express those, since I have not heard those previously on this item or the previous item.

Chair Harris:

Does anyone now have discussion on the motion?

THE MOTION PASSED. (ASSEMBLYMEMBERS DICKMAN AND GALLANT VOTED NO.)

*****

Chair Harris:

Last but certainly not least, Recommendation Number 10, which is to request the drafting of a bill to direct the PUCN to require Nevada energy providers to report power disconnections, household demographics, and location to the PUCN.

Is there a motion on Recommendation Number 10?

VICE CHAIR WATTS MOVED TO APPROVE RECOMMENDATION C-10.

ASSEMBLYMAN CARTER SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEMBERS DICKMAN AND GALLANT VOTED NO.)

*****

Chair Harris:

Committee Members, thank you. That concludes our Work Session.

Before we close out the Work Session, I want to quickly embarrass our policy analyst, Ms. Rossiter. This is her last Work Session, and she killed it. She will be retiring—a well-earned retirement—after dealing with me for the last legislative session and over the interim. If any of you ever felt that a meeting ran smoothly or went well, that is 100 percent [because of] Ms. Rossiter and all the work she does every day to make us look good and to help us get policies passed. Thank you.

AGENDA ITEM V—PRESENTATIONS ON SUSTAINABLE HIGHWAY FUNDING, FUEL TAX INDEXING AND ALTERNATIVE STATE TRANSPORTATION USER FEES

Chair Harris:

Let us go ahead and move on to presentations on sustainable highway funding, fuel tax indexing, and alternative state transportation user fees. There are going to be several presentations under this agenda item. The first one will be from the National Conference of State Legislatures (NCSL). We have representatives of NCSL who are presenting virtually. Thank you for being here. Go ahead and begin whenever you are ready.

Douglas Shinkle, Associate Director, Environment, Energy & Transportation Program, NCSL:

Thank you for having us today. I appreciate the opportunity to be here today to give you a quick overview of what states are doing with regards to transportation funding. (Agenda Item V A) [Due to copyright issues, the handout is on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or email to: Library@lcb.state.nv.us.]

This is from the National Association of State Budget Officers (NASBO). As you can see, this gives you the overall pie chart of nationally, on average, state transportation systems. You can see that the motor fuel tax makes up the largest chunk, although the other category is catching up quickly, and that has accelerated in the last decade. You will see that stat on the left; I think this is very important for this whole conversation in terms of contact—motor fuel taxes comprise over 41 percent of state transportation revenue in 2016. Fast forward seven years later, that is now 3.5 percent less despite a few states raising their gas taxes or indexing their gas taxes during that time. So that tells you the increased fuel efficiency of vehicles as well as the increased adoption of electric and other alternative fuel vehicles is negatively impacting the gas tax, which is the main source of transportation funding in most states. Although, as you can see from this pie chart, there are a lot of other ways to help fund a transportation system, having that kind of linchpin of a user fee is very important.

This shows us state gas tax changes. Since 2013, 34 states and D.C. have increased their gas tax. Those gas tax increases have varied considerably from a couple cents up to 10 cents. It is worth noting that 24 states and D.C. have an index or variable-rate gas tax, which means their gas tax increases over time—usually it has a cap. But it is in some way indexed to either the consumer price index, population growth, or transportation construction costs. It is worth mentioning the transportation construction materials and costs have gone up significantly, even higher than regular inflation of late. Indexing is a strategy to help keep pace with costs or try to keep pace without having to go back to the Legislature every year and raise your gas tax.

I wanted to illustrate how Nevada stacks up to neighboring sister states. Nevada [is] a little bit more reliant on the gas tax than most states in general and around where a lot of your peer states are, although you will see Arizona's is quite a bit less. I thought that was illustrative to point out that Nevada is fairly reliant on the gas tax to pay for their transportation system.

One of the most common ways that states have been trying to tackle the increase of vehicles that either use less gas or use no gas is by the establishment of flat registration fees for special kinds of vehicles. The two types of categories of vehicles we are largely talking about are EVs, which of course pay no gas tax. While there are not a lot of EVs in the United States at this point in time, the expected adoption rate, or increased ownership rate of EVs, is projected to go up from around the 2 percent, that it is around now, to much higher than that in the decade ahead.

Thirty-nine states have EV annual registration fees, so you pay these fees on top of your traditional registration fee. Say here in Colorado, where we are based, [I] pay $100 for my flat registration fee, then I would pay another $50 for the EV fee. I would be paying $150 in total. You can see these fees range quite considerably from $50 all the way up to $290 in New Jersey. A few years in the future, Washington will also have a fee that is up in the $250-$260 range. And then 22 states have plug-in hybrid fees, and those hybrid fees range from $50 to $150. Hybrid fees are important. Hybrids still use some gas, so they still are paying into the gas tax system, but their increased fuel efficiency means they are typically not paying into the system to the degree they did in the past, or that they need to in order for the transportation funding pie to be whole. I do think that is an important distinction. Most of these fees' revenue is dedicated to transportation infrastructure. There are a few states where some of the funding goes towards further electrification efforts as well, but I would say the bulk of states use this for traditional roads, bridges, tunnels, et cetera. I wanted to note six states have structured these additional registration fees to once again be indexed, so they grow over time, so you do not have to go back and keep on raising them. They go up a little bit by little bit each year.

Next, we are going to talk about road usage charges (RUC), and I know that was a big focus of why the Committee wanted us to speak today. I want to define what RUC means—they are also known as mileage-based user fees (MBUFs) or VMT. I am going to refer them as RUC, and essentially it is a per-mile charge. It is a roadway consumption tax that uses distance and miles as the measure of fuel. In some ways, it is even better than a gas tax because the gas tax was an incredible proxy for use. But as fuel efficiency, or the lack of vehicles using fuel at all, changes, that is not as good of a proxy for road use. With the mileage charge—one of the clear advantages of a mileage charge is that you are charging people based on their actual usage of the system, which is more akin to a utility. A lot of transportation economists and transportation thinkers out there think [this] is the best way to approach things. You charge people based on their use of a system—you do that with water and electricity—bringing that same philosophy and principle to transportation, which existed with the gas tax, but a little bit imperfectly.

There are four states that operate voluntary RUC programs currently: Oregon; Utah; Virginia; and Hawaii. I will note that Hawaii's system does not start until 2025, and we will go in a little bit of detail on that. We have Oregon, Utah, and Virginia; all of these were created through the Legislature. They all have legislative approval and buy-in. Basically, they task the state department of transportation (DOT) and sometimes other agencies like a state DMV, fiscal, or revenue agency might have to be involved as well to come up with these programs. All these programs are voluntary right now. That means no driver has to be in a RUC program. It is important up front to mention that these programs are not making money at this point. They are probably all losing money at this point in time. Perhaps with the exception of Virginia, I think [they] might be making some money. Now, these programs are really more about proof of concept, meaning you get vehicles, drivers, and vehicle owners into these programs, and you help build scale and help understand what are the pros and cons with system construction and operation, and how those work. You will see that the rates of miles are pretty similar in every state. The number of enrollees is relatively low in Oregon especially. Utah is at a decent place, and I think we will increase quite a bit more—they made recent changes. The Virginia system is set up differently, and we will get into that a little bit; that is part of the reason they have so many enrollees. I do want to mention once again that these are all voluntary, and the amount of RUC you pay is capped in all these states. Meaning in Hawaii, the EV registration fee is $50. You cannot pay more than $50 in RUC in Hawaii when the program starts, and that has to do with program construction. It is more about trying to get drivers in the program, work out the kinks, and build scale by having more vehicles in the program, which increases your chances of bringing down collection costs and increasing the actual revenue you are bringing in. It is important to make that distinction that they are all voluntary at this time, and they are all capped at the EV or other hybrid vehicle fee you would have to pay in that state.

Let us go into a more detail about each of the states. Like I said, I am going to address Hawaii separately. You will see that the mix of eligible vehicles varies a lot by state, and this is a real debate in the transportation world right now because some states, like Utah, eliminated hybrid vehicles from their program and want to focus on EVs. That makes a lot of sense in a lot of ways because EVs are the kind of vehicle that pays nothing into the fuel tax system, so this is an obvious group of vehicles to go after. The counterpoint would be that, at the moment in the United States, it is actually high-fuel-efficient vehicles that are negatively impacting gas tax revenues from the states. If you are not including that batch of vehicles, you need to think about another way to try and capture more revenue from those vehicles that are using the roadway, but not paying into the gas tax like they previously were.

I would note here, Virginia's program is different. You will notice that their eligible vehicles include any vehicle with miles per gallon (MPG) of 25 MPG and above. The number of enrollees in the program is significantly higher there—28,000—and that is the reason why. If your vehicle gets over 25 MPG, you have to pay a highway use fee or you can enroll in their mileage choice program, which is essentially their RUC program. Because of this, they have a lot more vehicles in their program, which means they are more likely to start generating revenue soon. It also means they are collecting revenue from this group of vehicles that is negatively impacting your gas tax revenue collection.

I think another interesting thing to note here is the collection methods, meaning how do you actually pay? This is a big point of contention. There are worries about privacy. [There are] good things states are doing with privacy. But I would say there has been more of a trend looking towards vehicle telematics using the actual existing technology that is out there. Utah is going more towards odometer readings or odometer photos, which is a good, low-cost, simple way to report your mileage. Sometimes, you take a picture from an app, and then you send it through the RUC system and that suffices. I think there are compliance questions there that will have to be worked out. But that is that odometer reading perspective—it is an interesting way to do things.

Another thing I know from Oregon—something that might increase the number of roles they have—is that Oregon established through legislation that they have to work with auto dealers in the State to establish a way for point-of-sale enrollment in Oregon's RUC system. Then you do not have this disconnect where you have to go later and figure out you actually have the option when you are buying the vehicle to enroll in the RUC program.

Let us talk about the Hawaii program, because I know that was of particular interest to this Committee. In 2023, Hawaii established a RUC program for EVs. The effective date of that is July 2025, as you can see here. This is voluntary at the moment, and once again, it is capped at $50. If you enroll in RUC, you are never—at least in the short term—going to pay more than that $50 you would pay in an EV registration fee. It is notable that Hawaii is going to transition to this becoming a mandatory program for EV owners starting in 2028. That is important because this would be the first time that a state has mandated that a certain group of vehicle owners has to participate in RUC. Hawaii has a lot of advantages. Obviously, you do not have to worry about cross-state border traffic in Hawaii. One of the questions that we often get, especially from eastern states—but this pertains to Nevada, where Las Vegas and Reno both border or are very close to nearby states, and there is a lot of cross traffic—what if I drive miles in another state? Well, right now, there is not too much you can do beyond that. There are Global Positioning Systems (GPS) that can show where you drove out of state, but the programs are not sophisticated enough to do that, although they have the technical abilities to do that. In Hawaii, that is not an issue.

The other thing is that Hawaii is 1 of 14 states that has an annual vehicle safety inspection, so Hawaii and 13 other states require a vehicle owner to annually bring in their vehicle to have it inspected for safety purposes. They are adding this odometer reading into that process. They already have a process, and they are adding one more item. We are going to look at your odometer, and what it was last year and then see what your odometer reading is this year and calculate how many miles you drove by the mileage rate of 8 cents a mile and then come up with your fee. If it happens to go over that $50, you are going to pay a flat $50 because right now that is the maximum you can pay. They have a really easy system to do this. The revenue collected will be deposited in the state highway transportation funds. Critically, Hawaii's plan is that they will eventually have all the vehicles in the State enrolled [and] transitioned to a RUC system, not the gas tax and not the internal combustion engine vehicles, but all vehicles.

Lastly, I want to talk about federal. A lot of these efforts at the state level to create and run these programs, but also to run pilots to do studies and to do public opinion surveys, have been informed and supported by federal funding. There is a new federal program via the Infrastructure Investment and Jobs Act (IIJA) that will continue that funding for states, and it is called the Strategic Innovation for Revenue Collection. They issued a Notice of Funding Opportunity (NOFO) earlier this year, and that NOFO has closed. My understanding, from talking with the Federal Highway Administration this morning, is that those grants will be awarded later this year, and then after that—probably later this calendar year—there will be a new NOFO for states. State DOTs are oftentimes the entities that apply. If Nevada’s Department of Transportation (NDOT) wanted to apply for a pilot or do a study or something with another state—quite a few states have done things where they have looked at cross-border traffic—that is the way you can get seed money to do that.

I know I have maybe gone a little bit over time, and I want to keep things going.
I appreciate the opportunity to be here with you today. I am going to pass it over to my colleague to inform you about a few other user fee options states are investigating.
Thank you.

Matthew Wicks, Policy Associate, Environment, Energy & Transportation Program, NCSL:

We will go through this quickly. Continuing our presentation about these funding policy options—the first one I will be talking about are transportation network company (TNC) fees. These are fees applicable to on-demand app-based rideshare services—Uber and Lyft, specifically. The policy rationale behind implementing this fee is that rideshare apps are very popular and can, in certain situations, contribute to increased road usage and congestion as well. The ultimate goal behind the policies is to ensure fairness and generate revenue as well. Thirteen states, in addition to Washington, D.C., currently have TNC fees. Their fee rates vary widely. Massachusetts, for example, has it at 20 cents per ride, while Georgia implements it at 50 cents per ride individually and 25 cents per shared ride. For example, [if] two people are splitting an Uber, they would each be paid 25 cents split. I do want to clarify one nuance about this map—the states here in red are states with fees on TNCs we have listed dedicated to transportation. The clarification is that not 100 percent of those fees go only to transportation funding specifically; they get placed in a different variety of pots and money as well, but transportation is one element specifically.

We talk about delivery fees. This is like it sounds—this is an additional fee applied to retail and food deliveries. During the Coronavirus Disease of 2019 (COVID-19), we saw the popularity of delivery fee services on retail and food increase quite a bit. Today it is still wildly popular. Two states currently have these delivery fees implemented—Colorado and Minnesota. There are a couple of key differences between each of these two states. For example, Colorado applies their delivery fee to all transactions at the point of sale for both retail and food deliveries. Minnesota differs because Minnesota applies only to retail transactions—not food deliveries—over $100. They also include a list of exempt goods; baby products, medical services, et cetera.

In the first year of implementation, Colorado generated under $76 million in operating this delivery fee. Minnesota has yet to implement it fully but is estimated to generate under $60 million in their first year of operation.

In this next one, we are looking at kilowatt hour charges and essentially what a kilowatt hour charge is—the equivalent of a gas tax—being only applied to public electrical charging stations specifically. Eight states currently implement a per-kilowatt hour fee. It is important to note this is only for public charging stations, not private or at-home charging stations. There is an interesting case study from Pennsylvania. Originally, Pennsylvania's legislation applied to private chargers and at-home chargers. However, this past year, they recently amended the law to remove that part specifically due to administrative costs and enforcement issues of enacting this charge on private charges as well. In 2023, Pennsylvania did raise about $1 million from the kilowatt-hour charge. On average, across all eight states that have this fee implemented, the fee is about 3 cents per kilowatt hour. Now, most revenue from this kilowatt-hour charge does go to State road projects. The policy rationale behind the per kilowatt-hour charge is two-fold. The first is that for EV drivers, this is already a system similar—just like you would with a gas vehicle—pay your tax at the pump. If you go and charge your vehicle, you are paying for the kilowatt-hour fee, so it is a simple translation. It is understood by EV drivers. The other rationale is that this can also help recoup money from out-of-state EV drivers, which is very important. States that have high tourism and motors driving through—and of particular importance for states on the east coast where states are a bit closer and clustered together.

We went quickly through a variety of different funding mechanisms, but NCSL has a variety of sources to help everyone keep track of these options, from tool kits, databases, reports, primers, et cetera. Particularly to note, at NCSL, we do have the Alternative Transportation User Fees Foundation Partnership, where we gather lawmakers from across the country to talk about these issues and learn from each other as well. If you have questions, feel free to ask. If you do not have time for questions, feel free to contact my colleague, Doug Shinkle, and me as well. Thank you.

Chair Harris:

Thank you. That was comprehensive, which is why we like to have you all here. It was very informative. I appreciate it.

Do any of the Committee Members have questions?

Assemblywoman Gallant:

I have a few questions. Can you pull up the slide where you were talking about the per-charge per-mile?

Mr. Shinkle:

The kilowatt charge, EV charging, or the RUC?

Assemblywoman Gallant:

The RUC, per-mile.

Mr. Shinkle:

Give us a second to get back there.

Assemblywoman Gallant:

I appreciate that. I want to make sure we are all on the same page.

I do want to preface by saying we need to do something about the EVs. I have an EV, so I would be imposing this tax on myself, but I do think we need something. However, when I was taking a look at what the states were doing at a dollar per mile, on average, you look at the fact that—and I know you said they are capped—but Nevada in particular, we do not have a State income tax. If we can tax something more, then we have a tendency to do that over time.

When you are looking at $1 per mile, and somebody drives about 15,000 miles per year, you could be looking at potentially charging these EV drivers $15,000 a year for driving on these roads, which is probably way—

Chair Harris:

Assemblywoman Gallant, it is 1 cent.

Assemblywoman Gallant:

I am so sorry. I almost freaked out.

Mr. Shinkle:

That would blow up everything related to this if it was that much. These charges are only 1 or 2 cents per mile. It is very important to communicate that these rates are chosen and calculated in order to, as much as possible, mimic what an average driver around 11,000-12,000 miles per year in the state would pay in gas tax. Now that could change, and you could use these to help for congestion purposes or to advantage vehicles that emit less pollution. But, at the moment, these programs are constructed to almost mimic what someone would pay in the gas tax, so the total amount of money would be very similar.

To get to something that you might be interested in when you are talking about this is that most of the studies have shown that most user groups would pay a similar amount in a RUC as they would in a gas tax. Some people sometimes think that a rural driver might be more disadvantaged by a RUC because they may have to drive more, because they are in a rural area. The flip side of that, from the studies we have seen, is that most rural drivers are more likely to own less fuel-efficient vehicles and older vehicles. They actually would, in many instances—not going to apply to every single individual, but as a whole—rural drivers would actually pay a little less, and urban drivers would probably pay a little more; but we are talking about like two, four; it is similar. I wanted to give that context there.

Assemblywoman Gallant:

Can I make a suggestion? When we are looking at Oregon and Virginia, it is very clear that it is 1 cent. But when you look at Utah, I would see 1 cent as being 0.016 not 1.06—that is $1.06 in any other world, right?

Mr. Shinkle:

We will make that correction.

Assemblywoman Gallant:

I appreciate that. I was looking at calculations this particular month for my EV; I did 391.53 kilowatts, and we are almost at the end of the month. So, I could be looking at $11.70 if we are looking at 3 cents per kilowatt, which then translates to $140 a year. I think that is reasonable when we look at something like that. However, how are you going to do that on somebody that charges from their home versus somebody that is charging at a station?

Mr. Shinkle:

Our charges at the moment—none of them apply to charging at private residences. That is intentional in that it would be administratively and technically more difficult to collect those charges from home. It is not impossible. There is the technology that exists, but there would need to be more advances in getting the right kind of technology in every home.

If you are thinking of the pros and cons of the kilowatt-hour charge, Assemblywoman, that is clearly one of the main, and NCSL is not here to advocate for anything, we are here to give you options. This is a con of this system—there is an equity issue, and EV owners tend to be more affluent—not always, but they tend to be—and then they tend to charge at home. So, then you are really in—it is not equitable to the people who do then have to charge at a public charging station because they live in an apartment or do not have a garage.

Another dynamic to think about with regards to these kilowatt-hour charges is a lot of what I have heard from lawmakers. The rationale for this is to make sure you are capturing revenue from out-of-state drivers who are driving through your State who previously would have probably gassed up at some point and contributed a little gas tax to your State. Now, they are driving their EV, they are using the roadway, and they are potentially not paying a cent into your system even though they use your system, perhaps extensively if they are taking I-80 across the State or what have you. These are a way to make sure that out-of-state EV drivers are paying into the system. That is another wrinkle I always think is worth mentioning.

Assemblywoman Gallant:

I appreciate it and thank you for clarifying gas and mileage.

Assemblywoman Dickman:

This does not have to do with EV, but the VMT charge. I think it is a big deal that there does not seem to be a way to discern when people traveled out of state. There are a lot of people who travel to California for work, or if you go on a cross-country trip, you are paying gas taxes when you buy gas in those states, but then you are still going to be paying the miles traveled in Nevada when you were not actually there. Is anyone working on figuring out a way to determine those miles we are traveling?

Mr. Shinkle:

Absolutely. That is a very important question, Assemblywoman Dickman, and something we often get questions about. I did not mean to suggest there is not an investigation and research going on right now.

Let me give you a picture of what that looks like. Several states, especially Oregon, Washington, and California, have been doing a lot of research and have operated small-scale pilots where they use fake money to establish that you could have a clearinghouse. The one in Oregon, I believe, is based out of the Oregon DOT, and you do have to have a GPS-enabled tracking system. That is one of the trade-offs with—I would say there is a trade-off between payment and privacy, say, "Well, I do not want a GPS-enabled payment option because I have concerns about the privacy." The data is deaggregated and anonymized, and there are a lot of protections in place, but people still have legitimate concerns about that, and that is understandable. I think it is the role of state legislatures and government to come up with the systems that do address that. But if you have a GPS-enabled system, you then can tell where you were, and you can be like, if you have an Oregon system, "Well, you drove into California or Idaho, and we are not going to charge you for those miles." None of the programs are doing that yet. Those four programs, the three [in] operation, and of course why it does not really pertain [is] because they do not have this issue. But they do have the technical capability to do that, but they are not doing that quite yet, because these systems are more focused on creating the scale and the systems within one state.

I think the next phase will be determining how you make this work on a regional level and have some sort of regional clearinghouse. Obviously, these issues are much more paramount on the East Coast. Eastern states are very—this is one of the reasons this RUC debate and the legislative activity have mostly been in western states because folks in western states—there is cross-border traffic, but it is less so than in eastern states. So, there are things to do. There is a group called The Eastern Transportation Coalition that is doing a lot of work and research on this on the East Coast and the East Corridor because you think of a state like Virginia—Virginia, Maryland, D.C., and Delaware—constantly cycling and moving into different states; so that is essential. I would say that the phasing states are trying to get their own programs in place and work out the kinks. But simultaneously, when I showed that map of the federal funding that has been given to states, a lot of that has been given to do studies and specific pilots that mimic what a clearinghouse or regional system would look like.

The last point I would make on this [is] to say that states are working on this. It is technically possible, Assemblywoman. You have to have a GPS-enabled system, and then you have to have a clearinghouse. Say you started having a RUC on a regional level, then you would have to have some sort of system that would say, "You drove these miles in this state, so that revenue actually goes to California or Oregon rather than Nevada."

The last point to make is that the Bipartisan Infrastructure Law, the IIJA, created a national advisory board and mandated the creation of a national RUC pilot because—the position of NCSL has been that this conversation is better driven by the states, because if we get the federal government involved too early, that may lead to more consternation and more political pushback for good reasons. So let us let the states experiment with these systems and see what works and what does not work. The next step is there is a national pilot that is supposed to be established. It is a couple of years behind; [it] still has not been established. What we are hearing is that it seems like it is getting closer to reality. That would be run more and have participants from all 50 states and would, once again, try and mimic—might not actually be using real money—but would be people volunteering to participate in such a system and start to learn about if we have cross-border traffic, and we have a system that is GPS enabled and can understand where a car is at any point in time. How do you track that? And then do you report out and collect the money out to the different entities and the different states, depending on how many miles were driven in every state?

I would say that is going to be a big point of emphasis in the next two to five to ten years—moving beyond having it state-based because we can do this at the state level. The technology and the systems kind of exist; they need to be scaled up, and there are kinks to be worked out, but that can be done. These states are already proving it. But doing this cross-border piece is trickier. It is technically possible, but it does require the clearinghouse—regional or national level—and figuring out what entity, if this ever did become national, would actually be appropriate to collect such a national road charge.

I hope that answers what you were asking, Assemblywoman.

Assemblywoman Dickman:

Yes, I appreciate that. I think it is really important to get that figured out. Thanks for being here, and thank you, Chair.

Senator Buck:

I did not see where there is potentially a flat amount. I think it is very important that we are very thoughtful with the cost of the infrastructure of a lot of these other states, the personnel, and the technology you need to track all of that—maybe not offset the actual benefit of what you get from it. Does any state do a flat amount? And then that goes into the transportation fund?

Mr. Shinkle:

For a RUC specifically? No, because the intent and purpose of the RUC [is] to create that system of a per-mile charge to be a proxy for a gas tax. If you are thinking about a flat amount, probably the most logical option is something like an EV, hybrid, or even highly fuel-efficient vehicle fee—and you can charge that.

The advantage is, once again, talking about pros and cons. [A] pro of a vehicle registration fee and additional vehicle registration fees is that it is very easy to add that on top of and collect. There is hardly any new collection cost. Your state DMV or Department of Revenue is already doing that. If you want to have a flat amount, and you know there is a certain class or type of vehicle that you believe, or know in your state through research, is not paying its full share, that is the most logical way to go about a flat amount. Those fees range from $50 to $290. They typically are applied to hybrid vehicles, EVs, and a few other alternative fuel vehicles.

Mr. Wicks:

I will mention that in the case of Virginia, the RUC is an alternative to their highway usage fee, which is paid for at the point of registration for fuel-efficient vehicles. They actually cap what you would pay annually in a RUC per year. I apologize, I forgot the exact number for the Virginia highway usage fee, but for the RUC fee per year, you cannot pay more than that maximum amount. It is a hard stop at that point. It is not a flat fee, but it does get capped, so you cannot bump up that number significantly.

Senator Buck:

Are these other states that are implementing all these intensive "look at every mile that they go out of state," are they looking at how much that is going to cost for personnel and for technology to do that? Because I would think that would be a great amount.

Mr. Shinkle:

Yes. To be clear, none of the states currently—there are the operational RUC programs in these three states—soon to be four in Hawaii. They are doing studies about the out-of-state travel. But if you sign up for the RUC program, and you drive out of state, those miles are going to be included at this time. However, the important caveat that makes the driver, the constituent, feel better is that all these are capped at a certain amount. So at this point in time, that is not really a big concern for drivers. If you were to change that cap, then I think you would start to have more concern about the out-of-state miles driven.

It sounds like you are asking the question about how much this is going to cost to collect and administer. This is the big hurdle. The big thing to be figured out with a RUC is that oftentimes tax economists say that the gas tax is the perfect tax or one of the best taxes that has ever existed. It is incredibly easy and cheap to administer and collect. Gas tax collection costs are—and we have 100 years of history to look at this—typically estimated to be about 1 to 3 percent collection costs to administer a gas tax system. Frankly, I am not sure we would ever quite get that low with a RUC, but I do think with the more technology you use, that introduces more accuracy, and you can eventually get to that point, but this all requires scale. When you have these programs that have hundreds and low thousands of vehicles, you have to get that scale up higher, and then the collection costs are going to go down. Then, there has to be a lot of kinks worked out—that is why Utah already made revisions. They removed hybrid vehicles from the program, and they got rid of a couple payment options they felt were too expensive to administer and not bringing in enough money. I think simplifying these systems as much as possible makes a lot of sense. But that is going to be, once again, along with the out-of-state travel [and] the cross-state border traffic, figuring out the best way—what is the best program design—that is why these programs exist. They are operational programs, but they are pilot programs in a way that they are meant to help increase our collective understanding and learning of how these systems work.

Getting these collection costs down is going to be a multiyear effort, but I do think simplifying the system and thinking about who in your state—is this something that makes most sense for the state DMV to administer or a Department of Revenue, or the two in combination? You have to think about what agencies might make the most sense or [are] the most well equipped to do this. That is going to be one of the burning questions in the year ahead; how [do] you get these, so they are not overly costly to administer?

Chair Harris:

Committee Members, any additional questions? I am not seeing any. Thank you both. I appreciate your time.

We will move on to our next presentation under this item, a presentation from NDOT.

Sondra Rosenberg, Deputy Director of Planning and Administration, NDOT:

Good morning, Chairwoman and Members of the Committee. Director Larkin Thomason sends her regards. Unfortunately, she had a conflict today, but I am happy to speak on this incredibly important topic. (Agenda Item V B-1) [Due to copyright issues, the handout is on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or email to: Library@lcb.state.nv.us.]

I want to thank NCSL for an important presentation as well. It is going to shorten my presentation because we are covering some of the same things in terms of examples from other states. I do have with me Jeff Doyle from CDM Smith, which is a consulting firm that has been assisting us for the last few years on the analysis on different options for sustainable transportation, as well as being very knowledgeable and helping us stay in the loop on what is happening in those other states, as you heard about today.

A little bit of background—Nevada is one of the fastest growing states in the country, outpacing the national rate of population increase by more than double, so there are more people using the transportation system. In addition, not only are we growing as a population, but the VMT per person is increasing as well—the VMT is outpacing the population growth. That is critically important too, which puts a higher demand on our roadway system.

A little bit about the State Highway Fund—I know we went back and forth on a number of different presentations on this. In the session, we will get into much more details on all this but finding a way to showcase the streams of revenue that go into the State Highway Fund. [A] big part of it is fuel taxes, other motor vehicle fees and taxes, and registration licenses. Federal aid reimbursement is obviously a big portion of that. And then there is other miscellaneous revenue—most of that is going with our partner agencies at DMV and Nevada's Department of Public Safety. I think it is important to note we are not the only Agency that utilizes the State Highway Fund, although NDOT does approximately 80 percent of that. I do want to note the fuel tax does include the fuel revenue indexing from Clark County, as well as part of State revenue.

This one is both my favorite and least favorite slide in the presentation. I think it showcases the issue at hand here, or at least part of the issue at hand here. This is an index; the National Highway Construction Cost Index is the line versus highway State revenue growth. They were both indexed back to 2003. As you can see, the growth of costs has outpaced our revenue for quite some time. However, in the past couple of years—

Chair Harris:

Ms. Rosenberg, I am going to pause for a second. We cannot see your slides, so I am going to ask BPS if they can jump in and help us out, so we can follow along.

Committee Members, the presentation is also available online. I do not want to hold this up much longer. Ms. Rosenberg, you can go ahead and continue. Members, if you can jump online to the Committee's website, you should be able to follow along with her presentation until we can get it up.

Ms. Rosenberg, go ahead whenever you are ready.

Ms. Rosenberg:

We were talking a little bit about the construction cost index, and I was not going to say all the numbers, but in case you cannot see it—the construction costs have skyrocketed by 64 percent in the last two years, essentially. That is an incredible increase, which is really hampering our ability to deliver the program as previously.

In terms of fuel taxes, there are a number of different revenue sources that enter into the State Highway Fund. One of the biggest ones is fuel taxes, and it is not only the State that is highly reliant on that, but local agencies as well. There are county fuel taxes at the federal, state, and local level. This is an issue in terms of the revenue not keeping up with the demands on the system.

The federal gas tax revenue has been declining over the past ten years. When there are shortfalls in the Highway Trust Fund, which is pretty common now, the federal government transfers General Fund tax revenue, often derived from bond sales or other sources. This is an issue at all levels of government that continue. Influx of General Fund money at the federal level may not be sustainable either, which is why, as NCSL mentioned, there are conversations about a national pilot as well. As VMT continues to increase federally—as they are not anywhere near the pace of Nevada—that leads to a declining revenue, particularly per mile. The revenue is declining overall, even with an increase in miles driven due to the increasing fuel economy of the average fleet vehicle, not EVs, but overall fuel economy increasing.

At the State level, the gas tax revenue per mile is continuing to decline. Our overall revenue has been relatively flat over the last few years because that VMT increase is making up for the loss in per-mile revenue. That is unlikely to continue as we continue to see the per-mile amount go down. As an example, in 2012, we collected about 83 cents per mile driven on our roadways. Today, it is about 74 cents per mile. The State gas tax has not been increased since the early 90s. You can imagine what it was back then versus today, and it is continuing to go down. We expect that decline to accelerate as vehicles continue to be more fuel efficient and the influx of alternative fuel vehicles continues to enter the market.

Nevada is not alone in having to address this problem. All the states, plus the federal government, are now actively researching, testing, or implementing alternative funding options. The main options states have taken include General Fund revenue transfers; special registration fees for EVs and hybrids; taxes on electricity used to charge EVs; and per-mile road usage charges.

On the General Fund side, 38 states now receive some form of General Fund revenue. On average—it is small—about 5.8 percent, but that does not tell the whole story because there is a wide range of what that looks like from state to state. For example, on the left, those states receive the highest percentage of their transportation budget from General Fund revenue. On the right, those are the ones that, from a dollar perspective, receive the most, and that is typically a program allocation versus an annual budgetary transfer, if you will. There was one example in 2007 in Nevada where the Legislature made a one-time transfer of $154 million to help fund I-15 improvements. Unfortunately, the next year, when the State faced the Great Recession, that General Fund transferred back $120 million of that to help other State programs.

I believe this was largely covered in the prior presentation, so I do not want to go into too much detail, but I will add we have done calculations on what the average driver [would] pay in Nevada if this State were to consider a flat fee, and it would be somewhere on the order of $166 per year. That is what the average Nevada driver pays in State and federal fuel taxes. That does not factor in the county-level taxes because they do vary so much from county to county.

Let us move right along. I know they did talk quite a bit about Utah, but I think additional information in terms of—I think this graph is very telling. It is not that different from ours, other than Utah has been generating additional types of revenue. On the left is a graph from the Utah Department of Transportation (UDOT) showing the same general decline in gas tax per mile and how much UDOT is spending on their transportation system per mile. The expenditures are outpacing the revenue generated—that is that gap between.

Utah may be the only state so far that has developed a holistic strategy for meeting and funding their transportation needs. To address the decline in the gas tax, they have enacted all four of the transportation revenue options we have discussed: targeted General Fund transfers; EV and hybrid registration fees; a kilowatt-hour tax on public charging stations; and a RUC—in the near term as an option for EVs, but in the longer term as a future replacement of the gas tax. To address the increasing cost of construction, they have indexed their gas tax, the EV fees, and the RUC to the consumer price index. Their strategy is to use the gas tax for ongoing maintenance and preservation of their existing system while new capacity improvements and multimodal projects are funded by General Funds, including up to $2 billion in bonds for highway expansion. Utah also uses General Funds to support transit as well.

In 2021, AB 413 directed NDOT to establish an AWG to study the funding needs and recommended revenue options. We did present this last session, but we wanted to remind you all, and we have provided a link to that full report as well (Agenda Item V B-2). There is an executive summary towards the beginning which summarizes the recommendations. The report itself goes through all of the various revenue options that were evaluated and how we came up with these recommendations. I do want to note for the record that this AWG was made up of high 20s—I believe it was 29 members. While NDOT did staff and support facilitate these meetings, we were 1 vote of those 29. These are not necessarily NDOT recommendations, but rather this multidisciplinary AWG, which was made up of State and local agencies, transportation, construction industry, energy and environmental sectors, labor, and more. If you have not read the report or at least skimmed the recommendations, I highly encourage that.

Those recommendations include, in the near-term, to address the immediate backlog of projects we are developing longer-term funding mechanisms to institute a special registration fee on plug-in electric, plug-in hybrid, and hydrogen fuel cell vehicles; and provide an MBUF, or a RUC, as an option—drivers can choose which one to opt into: increase the State fuel taxes, both gas and diesel; index the State fuel in those counties that are not already indexed—outside of Clark and Washoe. While that option does not generate a huge amount of revenue compared to the overall backlog, in the interest of fairness and as we discuss other options, having it start at the same point at the different counties would be helpful; enable county commissions to index the county's portion of the fuel tax; increase vehicle registration fees to provide modest revenue for highway purposes; and direct 100 percent of the State portion of the goods and services tax to the State Highway Fund.

Longer term—replace the fuel tax with a per-mile RUC on all vehicles by 2035. Obviously, that year can be adjusted—that was based on certain federal regulations for electrification of the fleet—and begin a long transition away from the fuel tax now by testing different approaches to RUC with electric-drive vehicles. That is in line with what NCSL was talking about in terms of these pilots or early implementation programs to test out the options while also collecting revenue from the users that do not currently pay a fuel tax.

We often get asked about what the shortfall or backlog is. I will be honest with you; it is changing almost daily as we get bids in that continue to increase in cost. Our most recent analysis, from probably six or eight months ago, shows that to preserve the statewide system, we anticipate needing about $3 billion over the next ten years, or $300 million per year. That is our target for spending on preservation. I will say that is to essentially maintain the system in its current condition and minimal improvements to the condition of our roadways. To improve the condition would obviously require additional investments. Our needed capacity improvements are estimated at about $17.6 billion over that same time period, and that are projects we know about, projects we may be working on, or have been requested. We have a listing of those capacity enhancements. What this does not include—and we are currently doing additional analysis on that—is the continually increasing costs of running the Agency, the administration, [and] facility needs. There are certain things that used to be minor costs that are growing rapidly, such as things like litter removal, homeless encampments, and copper thefts. All those things that used to be incidental are now becoming programs of their own as well. Not at the level of some of these other preservations and capacity but increasing at a non-insignificant amount to keep the programs running. As the fuel tax has been the historical funding source for all of this, or most of this, the erosion will continue.

We hope to continue to work with the Legislature, as well as the Governor, on how we address this challenge. I want to note, I do work for NDOT, I am an Executive Branch employee, so I am not here to—similar to NCSL—make any specific recommendations, but we are here to continue to do the analysis, and we hope to continue to work with all of you, if you have any questions as we move forward, and to continue to provide the data and the analysis as we continue these conversations. With that, I am happy to take any questions.

Chair Harris:

Committee Members. Any questions?

I will start with Senator Daly first and then Vice Chair Watts.

Senator Daly:

On the gas tax for the fuel, there is a federal portion which goes to the feds, and Nevada does well on getting the match back on that 90-plus percent from what I understand. Then there is the State portion, and that goes into the Highway Fund, and 80 percent is used by NDOT, right? And then there is a county portion; each county has their own deal and each county has set that individually?

Ms. Rosenberg:

There is a portion of it—and there may be someone here who knows better than me—that is mandated. There is a portion of it that is optional and up to the county commissions.

Senator Daly:

So each county has at least a minimum that has been set by the State?

Ms. Rosenberg:

That is correct.

Senator Daly:

I know Washoe back in 2005, did indexing based on construction inflation with the cap. If construction inflation was 10 percent—and I think the cap was two or two and a quarter—but that has been going forward.

Clark County recently put in their indexing. If I heard you correctly, you said the State gets a portion of their County tax? Because I know that does not happen in Washoe, at least I do not believe it does. Does the State get a portion of their indexing?

Ms. Rosenberg:

That is correct. The way that works in Clark County is they index all of those levels. They index the total fuel tax, so that includes the federal, state, and county, and the State receives the index on the State portion of that.

Senator Daly:

That is the part I needed, a refresher to understand. They index the portion of the federal tax as well. Who receives that?

Ms. Rosenberg:

That goes to Clark County, Regional Transportation Commission (RTC) of Southern Nevada.

Senator Daly:

So, even though they are indexing somebody else's portion, they are benefiting from the money. Which is perfectly fine with me. Has there been any talk about indexing the State portion statewide? At least the State portion?

I think the county should all be mandated to index it as well and figure out the formula on how it stays in the county or not. I know RTC Washoe County has agreements where they work with NDOT and joint fund projects. They also work with the local governments. My understanding is that in Clark County, it is collected by the RTC but then portioned out; they do not actually build anything—it is portioned out to the local governments and to the State.

I agree, the RUC is the most equitable way, if you can get past the privacy stuff. Then I would not have to pay fuel tax on my lawn mower anymore. But until we get there, if it is a flat fee—whatever it is—we cannot let the perfect get in the way of the good. We have to move forward with something that works, at least as a gap, until we can figure out all the rest. The question is, any idea if anybody is suggesting we can do an indexing on the State portion of the tax?

Ms. Rosenberg:

I went back to where it has a summary of the recommendations from the *AWG's Sustainable Transportation Funding Study*. The indexing on the State fuel tax is a recommendation, so that would be up to the Legislature to decide. There are reasons for that. I think we have calculations—I do not have it in front of me today—in terms of the revenue that would generate. It is not a huge amount, but at this point, every bit helps. And that recommendation for starting out with a flat fee for EVs and transitioning that later.

I did want to clarify a comment you made in terms of the amount we pay in federal tax versus what we get back. As I mentioned previously, the Federal Highway Trust Fund has been getting infusions of General Fund revenue. I believe at this point; every state is actually at over 100 percent. We are getting back more than we pay in the federal gas tax, which is great but may not be sustainable.

Senator Daly:

Is that from the Bipartisan Infrastructure Bill?

Ms. Rosenberg:

And prior bills as well. It needs to be solved at the federal level as well, but there is a reason it has not been yet. States continue to develop—whether it is studies or full implementation—rather than wait until that gets solved at that level.

Senator Daly:

I understand indexing may not be the full solution, but it is a hedge against inflation. Hopefully, your dollars are not losing as much as fast. Hopefully, maybe even you gain a little bit.

Other than ink on a page in a recommendation, has anything happened? Is there any appetite? Has anybody done anything? Has a bill been introduced, or has anybody thought about introducing the bill? In other words, has anything happened other than a recommendation?

Ms. Rosenberg:

We have participated in a number of meetings with various stakeholders to discuss that and have begun drafting potential bill language. Being an Executive Agency, we have to run everything through the Governor's Office, but we would be happy to share any additional analysis. If anyone on this Committee would like to discuss potential bills, we would be happy to discuss that with you as well in terms of any work that has been done to date. We did not stop at this study from two years ago; we have continued to analyze and evaluate both the legislative language as well as the potential calculations on revenue.

Senator Daly:

I am interested in seeing something happen from the recommendation. Feel free to reach out. Thank you, Madam Chair.

Vice Chair Watts:

Thank you for the presentation. I agree with Senator Daly's comments.

I do have a question, and give you leeway on how to respond to it. I want to shine more light on the issue we are facing here. You presented those charts showing the projected shortfall. You mentioned that even comes to our needs to maintain the system as it is without making significant upgrades. The question is, can you provide any additional background on what the consequences are if we do not do something to address this in the near future?

Ms. Rosenberg:

Yes. Something we are discussing internally as costs continue to inflate and knowing that we have assets that must be maintained—many other states have gone to a preservation-first perspective, which is something we are discussing. We do not want to let our own assets deteriorate because that adds to the backlog. It is more expensive to fix the road than keep it in a state of good repair. The implication is those capacity projects. We are one of the fastest growing states. The population is growing double the national average, and VMT is growing faster than that.

To be able to continue to be an economically competitive State and to be able to build for those potential developments that we are hearing about weekly, we would need an additional revenue source—any of those major capacity projects, new interchanges, things like that. I do not want to say at this point they are canceled, but they are at risk if we do not figure out a revenue solution fairly quickly.

Vice Chair Watts:

I appreciate that. While I am not as familiar with some of the things that are on deck in Northern Nevada, I know we have the interchange in Henderson at U.S. 95 and I-215. I know my colleague here has been talking about the needed improvements on the State road that is Blue Diamond. We certainly have a lot of needs, and it sounds like if we do not figure out how to get the resources in, we are not going to be financially able to address those needs in our communities and in the areas where we have seen substantial growth. I appreciate that.

Members, are there any other questions for NDOT? Seeing none, thank you for your presentation. We appreciate it.

With that, we are going to move on to the next presenters for this topic. We are joined by representatives of RTC Washoe County. Gentlemen, welcome. Take your time to get situated and get everything set up. Whenever you are ready, introduce yourselves for the record, and you can begin.

Paul Nelson, Government Affairs Officer, RTC of Washoe County:

Good morning, Members of the Committee. I am joined by Christian Schonlau. One of the things he will be talking about in his presentation is the success we have had with our fuel revenue indexing that has allowed us to do a lot of things. It has allowed us to get more projects out the door, and to keep our good roads in good condition with our Pavement Preservation Program. It has also allowed us to make a lot of safety enhancements on many of our roadways.

There is also an economic driver behind this. Last year, because of this revenue and getting these projects out the door, we created more than 2,600 direct jobs. There is a long-term factor too. Because we have a good road network, we are able to keep our transit system operating at a high level. We are also allowing people to commute to and from work, school, grocery stores, doctor's appointments, and wherever else you need to go. It also allows the movement of goods. There are a lot of positives behind this program, and we do support other agencies that are also looking into or hoping to continue their fuel revenue indexing. (Agenda Item V C) [Due to copyright issues, the handout is on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or email to: Library@lcb.state.nv.us.]

With that, I will hand it over to Mr. Schonlau.

Christian Schonlau, Director of Finance and Chief Financial Officer, RTC of Washoe County:

Good morning, Chair Harris and Members of the Committee. You are going to see a lot of familiar themes in my presentation that have been presented by NCSL and NDOT. I want to focus specifically on Washoe County's fuel tax indexing program, and what that has done for us.

Fuel tax indexing in Washoe County is a way to keep up with construction costs as they are rising over time. As a refresher—our fuel tax indexing is based on an average of the prior ten years of inflation. It does not jump up based on the year before. What that does is allow a smoothing of inflationary impact. It is not a perfect system, but it is quite good over the long term of keeping up with construction costs, as mentioned by the Department. We have seen inflation up to almost 20 percent over the last couple of years in construction costs. We are indexed on the western states' Producer Price Index, not Consumer Price Index, so it is the cost of producing roadways in the western region. Again, we look at a ten-year average that is capped, but we have never met that cap due to the rolling average, to answer a question from earlier. Our indexing, as mentioned, does not go back to the State, but we do go off of every base rate that is available—state, federal, and local.

The RTC is not the only beneficiary of indexing in Washoe County. Our three local jurisdictions also get a portion of that indexing revenue back to theirs to maintain their roads and build infrastructure of their own. We are all sharing in the benefits.

It has been quite successful. We started this program in 2009. In its current scheme, we have collected over $1.23 billion total from our fuel tax revenue. An overwhelming majority of that at this point is coming from indexing at 58 percent, representing a little over $700 million, and base rate collections in the County are still over $500 million. We do collect quite a bit of revenue from this to keep our roads going and to make improvements in the local economy.

What you have seen with the revenue is it has grown quite a bit since inception, but I hope this chart shows that we are starting to see a flattening of that. Washoe County has experienced significant growth in population. Therefore, we sold more gallons of gas to match that. As the indexing rate goes up, population grows, and our collections go up. But there are other factors that are slowing that over time, and we are starting to see it flattening in the revenue collected year over year.

We put this money to work in a few good places. We build capacity as needed as our community grows. We have a robust Pavement Preservation Program, which helps us maintain good roads and keep them in good condition, so we do not have to repair them at a higher cost later on. We look to improve our multimodal infrastructure to give mode options for people to get around our community. We have been successful locally and at a State level in collecting, or applying for and receiving, federal grants. This revenue goes to match those funds, so we can be as strongly positioned to apply for those. We also use our funding to partner with NDOT and other agencies to help them deliver their projects. The RTC does have debt that we must service, so a portion of our revenue indexing goes towards that as well.

For a rather small area, we have been able to deliver notable projects with our fuel tax revenue. We are wrapping up and substantially complete on our Oddie/Wells improvements. That corridor was capacity improvements, multimodal, and generally a facelift for the community—it is a great project. We have a Lemmon Drive project that is going to address concerns in the North Valleys upcoming in the next couple of years of $40 million. The Secretary of Transportation was recently out to visit us for the groundbreaking of our Arlington Bridges project. We are currently undertaking the Mill Street capacity and safety program that will add pedestrian safety improvements, capacity, and upgrades to our Mill Street Corridor near the airport. Several years ago, we completed the Southeast Connector project, which connected South Reno to Sparks—that was a quarter-billion-dollar project in total. We have recently partnered with NDOT—I will say they took the lead in the majority of the funding in both of these projects—but we were able to support them with local revenues on the Spaghetti Bowl Express project and then also the current project underway, which is the Pyramid Highway expansion.

The National Conference of State Legislatures, as well as NDOT, pointed to fuel efficiency as being an underlying concern with fuel tax revenue. I have taken the simple math to this, which is the total gallons sold versus VMT, and looked at average MPG over time. It is not a true measure, but over the last 10 to 15 years, there is no surprise that vehicle fuel efficiency is increasing.

Inversely, what that translates to is people are buying less fuel. So likewise, a simple calculation here taking total gallons sold by total population—you can see that per person, everyone is buying less fuel over time. As fuel efficiency increases, we expect that trend to continue as well.

Something that was a little unsuspecting in the data was that people were driving more in our area. It could be due to several factors. I am unsure what the driving force is behind there; with some exception during COVID-19 and the pandemic shutdown, people tended not to move. In our area, especially, you are seeing that people are buying less fuel, they are driving further, so that revenue does not balance out for the usage of the roadway.

I tried not to repeat anything that was said earlier in the presentation. I am happy to address any questions the Committee may have. Thank you for your time.

Chair Harris:

Thank you. I believe we have a question from Senator Daly.

Senator Daly:

Did I hear you correctly that Washoe County does index the State portion of the gas tax as well?

Mr. Schonlau:

That is correct. We index all fuel tax that is collected in the State of Nevada, so it is federal, state, and county taxes.

Senator Daly:

Thank you for the clarification. I know you partner with NDOT, and I think you said you are partnering with local governments—Washoe County, Sparks, Reno, and some areas of the unincorporated county that have Lemmon Valley. Are there limits that you can only go so far? You cannot be doing residential streets. I do not think that was on the deal, unless you are partnering directly with them and there is a nexus to what you are doing. Do you partner with those other agencies? And to what extent?

Mr. Schonlau:

To directly answer your question, yes, we partner with all those agencies. There are limitations to how we can do that. That is a complex question. It is defined in our street and highway policy.

As part of the RTC, we are the Metropolitan Planning Organization, so we have limits and boundaries. Also, statutorily, there are guardrails on how we can spend that money. So, no, we are not going in and paving residential streets, but we do partner with the local agencies for arterials, connectors, and other streets that may be within those boundaries.

Senator Daly:

That is what I understood as the limitations on that, but I know it is used as liberally—within the constraints of the rule—as possible. At least that is what I have seen. I wanted to make sure I still understood that correctly because I know in the past, some of those local governments have wanted to say, "Well, just give us the money; we can do a better job." And I said, "No, go get your own tax question, ballot question, and get it passed." Nevertheless, that was all I had.

Chair Harris:

Any additional questions from Members? [There were none.] Thank you for being here.

We will continue with our presentations and invite up Mr. Paul Enos from the Nevada Trucking Association.

Paul Enos, Chief Executive Officer, Nevada Trucking Association:

Good morning, Chair Harris and Members of the Committee. I am happy to be here today. It has been fun to sit back here today and listen to this. I am going to touch on the things that have been mentioned in the presentations but also delve in a little to the 'why.'

I am a member of the Eastern Transportation Coalition. I guess they wanted a Westerner who was a skeptic to be on it. I was appointed to that last November, and they are looking at a MBUF throughout the I-95 Corridor and looking at the options. Today, I want to talk about the current fuel tax system and why it works. (Agenda Item V D-1) (Agenda Item V D-2)

Before I get into that, I do want to say why it does not work. It does not work because, on a national level and on a statewide level, we have not raised it for over 30 years. While indexing does not exactly fall into the great principles of taxation where it is always rising, I will say from a practical standpoint, that is something the Nevada Trucking Association has supported. We supported the Clark County index. We like that one a little better than the Washoe County index, because we are able to get fairness and equity issues addressed based on where that fuel is used. For the trucking industry, we pay a usage fee no matter where we fuel up. So for trucks, if we buy our fuel in California but are using it in Nevada, we are going to end up paying Nevada based on that mileage we drove. There is a system set up for the trucking industry through the International Fuel Tax Agreement and also for the International Registration Plan.

Let us get into the fuel tax and why we like it. We like the fuel tax because it is really efficient. When we go to the pump, we are paying taxes, but we are really reimbursing that entity that paid the taxes. When you look at the number of entities that actually pay the fuel tax both in Nevada and nationwide, it is less than 300. Because of that efficiency, we are able to return a lot more of those dollars back to the public, and it is the biggest companies in the world that are paying it. Our fuel distributors are paying it when they go to the tank farms and pick it up at the terminal rack.

There are 3,000 locations nationwide and only 7 in Nevada. Here is where they are. They are on Nugget Avenue in Reno, Sloan in Vegas, Ireland Drive, and Grand Valley Parkway. Those are the 7 places in the Silver State where they are collecting fuel taxes. When you look at gas stations nationwide, [there are] 140,000. We have a little over that number now—I think about 1,200 in the Silver State. When you are looking at those 300 entities or less that we are collecting fuel from, it is really an efficient tax.

When you talk about how many vehicles we have—if you want to go from the tank farm and the distributors to the gas stations and to the vehicles—nationwide we are looking at 276 million and about 2.5 million cars and trucks in Nevada. So, when we talk about the fuel tax and its efficiency, that is one of the reasons why—because you are going from less than 300 to 2.5 million.

It costs about 3 cents to collect the fuel tax. What it costs the government to collect, it is less than a penny. We get 97 cents back, and that 97 cents goes to pay for roads, highway patrol, DMV, all those places where we as citizens want our fuel tax money spent. Fuel suppliers—those 300 entities—out of those three pennies, they keep two of them, and that is their collection allowance. It is an evaporation tax because fuel is a liquid. It does evaporate, so they keep 2 cents. That is where you get those 3 cents.

We base our tax rates in Nevada roughly on energy density. Diesel is all the way at the left hand side. Diesel has the highest energy density of all the fuels. When you look at our Special Fuels chapter, and even when you look at gasoline, which is in a different chapter, it all mirrors this energy density. In Nevada, liquefied diesel, liquified natural gas, and biodiesel is at 27 cents; gasoline is at 24 cents; compressed natural gas is at 21 cents. Then it waterfalls from their liquified petroleum gas at 6.4 cents a gallon. Based on the energy density, that got me thinking, can we do a diesel gallon equivalent (DGE) for a kilowatt hour? When you do that calculation—and this was my back-of-the-napkin calculation that has been confirmed by people more credentialed than I am—it comes out, on an energy level, to 40.3 kilowatt hours equal 1 gallon of diesel. For context, the average home in the United States uses about 29.3 kilowatt hours a day to operate—that is how energy dense that gallon of diesel is.

When you look at EVs in Nevada, about 4.5 percent of our vehicles registered here are electric, but as that number goes up—we agree with all the previous testimony—we do think that can break the piggy bank. There has been a lot of discussion on VMT, and we like taxes that are simple, fair and equitable, unintrusive, and cost-efficient. When we talk about fairness, we want to make sure you cannot cheat. With the system we have now, with those 300 big entities paying the tax when they are at the terminal rack, cheating is pretty abnormal. It is a really small level. If it does occur, it is prosecuted oftentimes with millions of dollars in fees. When we talk about the zero-emission vehicle registration fees, they are simple, but it does bring up the question of equity. Is it fair for someone who might drive 15,000 miles in that EV to pay the same amount as somebody who drives 5,000 miles? That is where that fairness and equity issue comes in.

Unintrusive—we want to make sure when we look at VMT from a telematic sense, which is what a lot of states are looking at now with those GPS tracking systems, that data must not be used for any secondary purposes. It is to be used to pay for roadways, not track individuals or try to control human behavior. Why do I bring that up? Because when we first started talking about VMT taxes, it was a mechanism for congestion pricing. Imagine you are on your way to work. You are caught in traffic, when all of a sudden, "Hey, we are going to be able to potentially, with congestion pricing, increase that rate you are paying because you are causing traffic." Now, I would like to make the other argument. Maybe you should pay more for a road that is actually working well and moving fast as opposed to sitting in traffic. There are those concerns and considerations with the intrusiveness.

Cost-efficient—we want to make sure those administrative costs are relatively minimal, and if we can get them to be on par with where we are at with the fuel tax, great. I do think anything more than that 97 cents is going to contribute to inflation and is not the best way to spend taxpayers' dollars. My friends at the American Transportation Research Institute (ATRI) have done amazing studies on this, and I am getting a lot of that data from there that I put in this presentation. I am happy to share those studies with you. They are long, although they do have fairly decent executive summaries. When you look at VMT, and we talk about fairness, folks who do not have credit card systems or banks, people who have old cars that cannot have that telematics set in, or people who live in areas where there is no cell signal—fairness comes up there.

We talked about evasion. The potential for evasion with a VMT nationwide is much greater than what we have with the current fuel tax. The ATRI estimates that being $7.87 billion a year—this study is a few years old, so I believe that number would probably go up.

We did talk about the difference between rural versus urban. How is that going to impact? It was interesting to hear they thought maybe the rural folks would pay less [and] the urban folks would pay more. Those are also considerations we are going to have to take into account when we are talking about a VMT.

Unintrusive—is that data being used to track you? How are we going to ensure it is being used for those purposes? And then cost-efficient—this is where we have a couple of issues. When you look at the costs for a VMT versus the fuel tax with 300 fuel suppliers versus 272 million vehicles on a national level, you are looking at 3 cents versus 40, and that is a substantial number. That is something we, as one of the highest payers of the highway system here in Nevada—the trucking industry pays about 40 percent of all the state, federal, and local taxes that go to pay for roads—are responsible for about 9 percent of the road miles. We like to make sure those dollars we are spending—those pennies—are going to our roadways and to those things we all want to see that money spent on. With VMT, evasion, and collection costs, you are looking at about 40 cents. Where does that money go? On a nationwide level, about $13.6 billion goes into technology. You are going to pay your folks who have the servers or pay the folks who have the tech or licensing fees. I know we talk about technology always bringing the price of things down. I sure have not seen that with my iPhone in the last few years. I think my first one was $500, and I think my last one I spent over $1,600. So, technology does not always decrease things like bank fees—$4.3 billion in transaction costs is what they anticipate the cost for a nationwide VMT. Now, once again, that is a VMT with the technology in the car that is more equitable and is more fair but is not as simple as an odometer reading where you also have those compliance issues and those questions if you are getting the right data. That is a VMT.

I have been working on this for a long time, and I have always thought, can we take the best we have from the fuel tax and apply it to the fuels we are using? We talked about that a little today. I think this is a better way, but I will say it is not without challenges. The EV registration fee is simple with the low administrative costs, but it is not equitable.

The next question is, can we tax electricity like fuel? How would we do that? What would that mechanism look like? You see the states that are already doing this. Pennsylvania was one of the first out of the gate, and they have had issues where they have pulled back on that. I do think there is going to be a question about home charging. When you take a look at what it would look like if we just did an energy charge—the same energy equivalent and diesel gallon equivalent—you are looking at a rate of 0.7 cents per kilowatt hour.

There is a consideration we want to talk about. Internal combustion engines are less efficient than EVs because 45 percent of that energy is used for mechanical to get those wheels to turn. For EVs and hydrogen vehicles, the motor is directly on the wheel, so it is a much more efficient use of energy for mobility. We could, as a consideration when we are looking at a kilowatt-hour charge, look at a usable DGE from a closer and more accurate share to its diesel counterpart. Once again, here is my math. I do not know if you want me to go into that, but we do take a look at that usable DGE divided by 0.45, and we come up with about 18.1 kilowatt hours for a usable DGE. That would then make that tax rate 0.0149 cents per kilowatt hour. That would be the equivalent of a one-gallon diesel tax if you do use that usable diesel gallon tax equivalency. Here is my math, and if you do not have it, I am happy to share it with you. I have had it confirmed with folks with more credentials than me. That is an option to come to that tax rate.

The question is collection. From commercial charging stations for the stations that my truckers are going to be using, you are not going to plug a big rig in your house. You are going to need a supercharger, a commercial charging station, and you are going to need it at a terminal level; that is how we would pay for it. A kilowatt-hour tax here is a lot easier. As previous testifiers have mentioned, it does capture those out-of-state tourists that are coming here and charging where they would be paying a portion of the fee for the roads they use.

It is tremendously more complicated when you look at a home charger, but it is not impossible, and this is where I want to look towards the future. I am sad the folks from NV Energy are not here today because I think they would be great at this. We have had conversations with them about it, and how you could collect this data from smart meters, although they tell me the smart meters we have in Nevada are actually dumb. I do know in other states like Texas, where I have seen the bills from the utility, they tell you how much every appliance in your house is using, how much your air conditioner is using, and how much your pool pump is using. That is because with those smart meters, every single device is plugged in—has an electronic fingerprint—and from that electronic fingerprint, they can tell what is being plugged in, what the charge is, how many kilowatt hours it is using, and garner a tax from that. While it does address the equity issues, from a flat registration fee, it is challenging today, and it is not available on a widespread basis in the near term.

How can we get there? Today, our fuel suppliers are keeping two pennies for every dollar they pay. I do think we need to have a conversation with our utilities where we can say, "What is this going to cost you? What is it going to cost to implement this technology?" It may be a collection allowance that is higher on the front end that we can then step down to get to a point to make sure that the algorithm makes the dumb meters smarter, that they can collect that data and remit it. When you look at the number of entities that would be paying that tax on a nationwide basis, we would not be looking at the millions. We would go from 300 to under 3,000, and we have 10 utilities in Nevada we would be dealing with that would pay that fee directly to the DMV to go to the Highway Fund.

These are ongoing discussions, and there are a lot of changes. On a federal level, right now—with the gas tax being a third rail that nobody in Congress wants to touch—there is a conversation about getting rid of all of the highway taxes on a federal level, including fuel taxes, and going to a federal registration fee. There are issues with that too. That is something I know folks in Nevada get upset about when they go, and they are really not paying a registration fee; they are paying governmental services tax, which is in lieu of personal property tax, but they see it as, "Oh, I am paying for my registration." That is a big nut for folks. That one-time event when they go to register a vehicle, I think, is a challenge with a federal registration fee.

Those are the things we are looking at. The Nevada Trucking Association—our Board—believes that whatever tax we implement from here on out should be indexed to that Producer Price Index. We like what we have done in Clark County. We think there is a fair system that was created by this Legislature back in 2013. Thank you for inviting me today to be part of this conversation.

Chair Harris:

Thank you. Are there Committee Members who have any questions for Mr. Enos?

Assemblywoman Dickman:

I want to thank you for that great presentation. I think it is bordering on genius, but I am loving it. I think it is something we need to look at.

AGENDA ITEM VI—PRESENTATION ON DEPARTMENT OF MOTOR VEHICLES AND THIRD-PARTY REGISTRATION SERVICES PARTNERSHIP

Chair Harris:

We will open a presentation on the DMV and third-party registration services partnership. We have with us representatives of AA DMV services presenting here in Las Vegas. I believe we have Mr. Troy Arias. Go ahead and begin whenever you are ready.

Troy Arias, Owner, Arias LLC:

Thank you, Madam Chair and Members of the Committee, for this opportunity to present the DMV and third-party registration services industry situation. (Agenda Item VI A-1) [Due to copyright issues, the handout is on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or email to: Library@lcb.state.nv.us.] (Agenda Item VI A-2)

The registration services industry has over 140 small businesses in the Reno/Carson and Las Vegas areas. This group of mostly minority women-owned businesses has almost doubled in size since 2019. We are currently licensed as document preparers by the Nevada Secretary of State (SOS), which requires a $100 document preparation license fee, a background check that requires fingerprints, a $50,000 bond, a State business license from the SOS, and a local jurisdictional license, meaning city/county license. We process DMV transactions on behalf of customers. Think of it as DoorDash, but for the DMV instead of food.

Who we service—we help Nevada working families with their DMV transactions. We help Nevadans with language barriers, single parents who cannot take the day off to go to the DMV, Nevadans who are concerned with their immigration status and government buildings, business-to-business transactions, and military personnel.

The current challenges for Nevadans—as everyday Nevadans, there are several challenges that are faced when trying to process DMV transactions, such as trying to book appointments, trying to meet deadlines for expiration dates, or trying to fit appointments into work schedules. For some Nevadans, there are many transactions that require multiple trips to complete. Though online services are being offered, the time it takes from processing a registration or plate online to the time it takes to have the physical paperwork or plate in hand is another obstacle to overcome. These are only a few reasons that Nevadans choose to get help from a third-party registration service.

Department of Motor Vehicle challenges—while the DMV only has six employees in their call center answering DMV questions for the entire State, the industry has over 170 people per day answering DMV questions, not including the in-person customer service we provide for free for Nevadans coming into our offices asking about their transactions at no cost to the State. The industry provides millions of dollars in value to the State for very little cost. The DMV has maintained a minimal number of locations all while our State's population keeps growing. The State's population in 2001 was 1.375 million compared to this year at 2.953 million. In Clark County, despite the population growth, there are still only four branches for non-commercial services. The DMV started construction on a new building in the Silverado Ranch area that will combine the commercial-focused Donovan office and the Henderson office at a cost of $96.6 million. However, this will come at the expense of the Donovan branch closing and the Henderson branch seeing a reduction in staff size, leaving Nevadans in the Henderson area, which is one of the fastest growing areas in the

Valley, with limited options to process their transactions. Over the last ten years, DMV has asked Legislators for hundreds of millions of dollars to solve their processing and wait time issues. In 2018, DMV canceled the $75 million contract with a foreign company, Tech Mahindra, and lost $26 million. In 2021, the DMV was awarded another $125 million to upgrade their system over the next four years. This project is still underway, and the DMV is exploring options to complete the project as promised to Legislators.

The DMV's relationship with the third-party registration services industry—each DMV office in Clark County had two windows to serve third-party registration services and help them process transactions. In the north, the Carson City and Reno Offices each had one window to service the industry. In 2017, the DMV cut the industry's access and eliminated all service windows for the industry in the north and cut the windows in the south from two windows per office to one. The industry attempted to create a community partnership with DMV in 2019 by drafting Assembly Bill 288 to license authorized third-party DMV services. This bill was modeled after the current partnership program in place in Arizona since 1993. This attempt was met with fierce opposition from DMV in a $4.5 million fiscal note that essentially killed the bill. This was a surprise to the industry, as DMV currently had and still has the partnership contract with AAA of California to process DMV transactions in some of their offices. This contract stated it costs $0 to the State. The industry was able to salvage the bill through a compromise made possible by the great efforts of Assemblywoman Monroe-Moreno, the Committee Chair, and Assemblywoman Ellen Spiegel, the bill's sponsor. The compromise reestablished one window per office in the north and two windows per office in the south for the industry to process transactions.

The industry has been in constant struggle with DMV since October of last year. The DMV tried to completely change how they work with the industry with only two weeks' notice. These changes were going to completely destroy the majority of industry members. We appreciate the help from the Latin Chamber of Commerce that provided us with an opportunity to be heard by both the Governor's Office and DMV leadership. We appreciate the Governor's Office working with the Latin Chamber to attempt to solve issues between government and private sector. Due to these efforts, we are able to push back that change and several other deadlines on new procedures the DMV proposed over the last ten months.

The current registration services situation—the issue in question is one of supply and demand. The demand for the industry services is extremely high. During the COVID-19 pandemic, the third-party registration services were a critical tool for Nevadans trying to get their DMV transactions done after a three-month shutdown. The industry more than doubled in size during this time. According to Director Laney, there are now over 140 businesses in the south alone. The Department has reached its capacity with the current resources allocated for processing industry transactions, yet the number of new industry members continues to rise. This led to a reworking of the current DMV policy to try to accommodate new members of the industry. The DMV cut access for longstanding businesses and redistributed to newer businesses. This was to help address safety concerns of industry members sleeping in DMV parking lots, waiting for a turn to process transactions. This policy change also came with a promise of ending industry ability to process any transaction at the DMV window that could be done online starting on July 1, 2025. This would effectively destroy the industry and shut down these Nevada family-run businesses.

Community partnership proposal—the industry would like to work on becoming a licensed community partner in the same way that driving schools, auto dealerships, and even AAA of California are currently being offered. The DMV is creating a public-private partnership with driving schools to allow Nevadans to take their drive exams at these schools. Auto dealerships are now currently processing their own titles in partnership with DMV to reduce title backlog in Carson City. Since 2017, AAA of California has been in partnership with DMV, processing transactions in-house at some of their offices. The emission testing program is a great example of how a public-private partnership can be beneficial for all parties. There are only 25 to 30 State employees that are directly involved with the emissions program, but they are responsible for overseeing over 400 emission stations statewide. There are over 2 million vehicles that are tested each year, bringing in over $12 million in revenue to the State. Many states, including California and Arizona, license third-party registration services and allow them to process transactions in-house. This creates a voluntary alternative solution for people to process their DMV transactions. It has been an extremely successful program and has saved the State of Arizona hundreds of millions of dollars. They have not had the need to build a new building in 30 years in the Phoenix metro area. We believe with the path to process transactions in-house in the future, the industry can play a major part in helping solve DMV issues for Nevadans.

The benefits—establishing an official partnership with the third-party registration services industry will benefit our great State in the following ways. Multiple processing outlets—Nevadans will have other viable processing locations that are not restricted by appointments and have the opportunity of being serviced at their earliest convenience. Businesses operate on their own hours of operation, allowing customers to have service after DMV working hours. In-person service—many constituents prefer having in-person service due to transaction questions or discrepancies and the ability to have a 100 percent completed transaction with plates in their hand that day. A net positive revenue generator—a roughly $6 per transaction charge to pay for compliance enforcement, licensing, equipment, and training. Savings of tax dollars in moving all services online and the construction of new buildings. The preservation of countless jobs and businesses and a workforce that has been in existence for the last two decades. For the DMV staff, a tremendous reduction in workload.

The cost—we estimate this partnership cost to be low to nonexistent since the DMV has already created and is currently implementing a partnership with AAA of California. Creating credentials for additional partnerships should have a minimal cost, if any. The industry will pay for the training. The industry will pay for the equipment. The industry will pay for the licensing, and the industry will pay for the enforcement. We currently estimate the industry processes over 200,000 transactions a year at $6 each. That is $1.2 million of revenue that could be generated. This is a great opportunity for the State to partner with Nevada family-run businesses and offer alternative solutions to Nevadans processing transactions at the DMV. We now have a bipartisan effort led by Senator Flores and Assemblywoman Gallant to form a working group with DMV and work on the details of this proposal in the near future. Committee Members, we have a great opportunity to pass legislation to resolve the issues our State faces when dealing with DMV services, to help Nevadans process their DMV transactions in a timely and efficient manner, preserving Nevada family-run businesses and jobs. On behalf of the industry and myself, thank you for the time and attention.

Chair Harris:

Thank you for coming and speaking with the Committee today. We appreciate your presentation. Do Committee Members have any questions at this time? [There were none.] I will close out Item VI.

AGENDA ITEM VII—PUBLIC COMMENT

Chair Harris:

Public comment is going to be limited to two minutes per speaker. You can provide it here in Las Vegas or in Carson City or at the telephone number posted on our agenda. Anyone here in Las Vegas for public comment?

Nick Christenson, Sierra Club Toiyabe Chapter:

I am speaking on behalf of the Sierra Club. I wanted to thank this Committee, and the Legislature more broadly, for implementing and listening to the solicitation of recommendations (SOR) process for submitting potential ideas for legislation from the public. One of the things I think Nevada should be most proud of is the openness of its elected officials and its legislative process. In my opinion, this adds to that. I hope the Legislature has found this to be valuable. In my perusing of the SORs that were submitted for this Committee and several others, I found them to be broadly meritorious and hope that this process will continue into the future. Thank you very much for your time.

Chair Harris:

Thank you. I am not seeing anyone else here in Las Vegas. Do we have anyone in Carson City who would like to give public comment? [There was none.] Can we check the phone lines, please?

Dora Martinez, Nevada Council of the Blind and Nevada Disability Care Action Coalition:

Good morning, Chair Dallas Harris and the Vice Chair and Members of the Committee. I would highly encourage you all to please support the school zone and other traffic light cameras. I am an avid walker, and for those of you that do not know me, I am totally blind, and I have a new German Shepherd service dog, and sometimes we follow the audible pedestrian signal lights that tells us it is our turn to cross the crosswalk. Sometimes people cut us off, either making a left-hand turn or right-hand turn, so I hope that on some major roads, on McCarran here in Reno and others, we have capability for cameras for those bad actors. Because if I get hit, I am sorry to say I cannot be an eyewitness, so I highly encourage that part of the legislation.

The other one is the DMV—the person that just got done talking. Chair Harris, I apologize. I am sort of short-informed on the agenda materials due to lack of accessibility in the LCB website. I understand that your Americans with Disabilities Act (ADA) coordinators are working on that. I am working with them to make sure I get adequate and sufficient information. But the DMV website is not accessible to people who are visually impaired. I cannot even fill out the application for my driver's license—and do not worry, it is not a license to drive. It is a Nevada identification (ID) so I can travel via airplane, trains, and stuff. I was not able to do that online, so I had to go in person, which is not compatible with the ADA. Also, he talked about language, Spanish and everything else, including American Sign Language (ASL). People who are hard of hearing need ASL. American Sign Language is a language on its own, and they cannot read English, and that is a misconception. I hope the DMV will soon have that capability, and I am looking forward to working with the person here up [in the] north because even though they have an ADA line, Madam Chair, as a blind person, I cannot locate that ADA line. It would be really helpful if there were tactile features on the ground, like other places I have been to, that will lead me to the desk to check in.

These are some suggestions, and I appreciate all your time and your patience, Madam Chair. Sorry, I am going a little bit over time, but thank you very much.

Chair Harris:

Thank you. Please, if you have not already, submit those recommendations and issues that you have identified to the Committee under public comment for the record so we can have those. I hope the folks at the DMV and any folks at LCB who this might be relevant to were listening, and we will see if we can make things a bit more compliant for you. Are there any other callers?

BPS:

Chair, the public line is open and working. However, there are no more callers at this time.

The following written public comments were submitted for the record:

- Tonya Laney, Director, DMV;
- Tony P. Simmons, PE;
- Kristie Baldasarre, Owner, Done and Done DMV Service;
- Nora B. Hernandez, Owner, NBH Professional Services, LLC;
- Charles Bittner, Owner, B&L DMV Services;
- Calvin Picazo and Cristian Valenzuela, Owners, Stop and Smog;
- Mayela Masters Tovar, Owner, Masters Services, LLC;
- Gilberto and Georgana Cepeda, GC Trusted Agents, LLC;
- Celia Arias and Tony Diaz, Owners, Mares DMV Services, Arias Business Corporation;
- Sarah Lee Marks, Automotive Business Services: MYCARLADY;
- Brian Foster, Owner, SWORDFISH, LLC, TAG & Title;
- Sheri Williamson, Williamson Enterprises, Emissions Testing/DMV Services; and
- Justen Hui, Owner/Operator, Smog Vets, LLC, Emissions Testing/DMV Services.

Chair Harris:

Before we adjourn, I want to take a quick moment to acknowledge all the hard work and effort that has gone into this interim. Thank you to all our Committee Members. I sincerely appreciate your attendance, participation, and dedication during each of our meetings to ensure the topics we have discussed have had our full attention and interest related to transportation, energy, and infrastructure issues here in Nevada. A sincere thank you to our Committee staff, Committee Counsel, BPS, and our legislative police, who are here to support our work and ensure that each of our meetings are conducted seamlessly. Finally, I want to thank all participants and presenters who have addressed the Committee and provided us with important information on these critical issues facing our State. This concludes our meeting for today and the work for our Committee for this legislative interim. However, we know that our work as Legislators continues, and that work is to identify issues and bring policy recommendations to the forefront as we prepare for the next legislative session. Thank you, everybody. With that, we are adjourned.

AGENDA ITEM VIII—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 11:41 a.m.

Respectfully submitted,

____

Julianne King
Assistant Manager of Research Policy Assistants

____

Jann Stinnesbeck
Principal Policy Analyst

APPROVED BY:

____

Senator Dallas Harris, Chair

Date: _____________________________________

MEETING MATERIALS

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item II A	Brandon Barkhuff, Senior Vice President, General Counsel, NV Energy	Written Public Comment
Agenda Item II B	Senator Dallas Harris, Chair, Joint Interim Standing Committee on Growth and Infrastructure	Written Public Comment
Agenda Item IV	Kristin Rossiter, Senior Policy Analyst, Research Division, Legislative Counsel Bureau	Work Session Document
Agenda Item V A	Douglas Shinkle, Associate Director, Environment, Energy & Transportation Program, National Conference of State Legislatures (NCSL) Matthew Wicks, Policy Associate, Environment, Energy & Transportation Program, NCSL	PowerPoint Presentation Due to copyright issues, the handout is on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or email to: Library@lcb.state.nv.us
Agenda Item V B-1	Sondra Rosenberg, Deputy Director of Planning and Administration, Nevada's Department of Transportation (NDOT)	PowerPoint Presentation Due to copyright issues, the handout is on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or email to: Library@lcb.state.nv.us
Agenda Item V B-2	Sondra Rosenberg, Deputy Director of Planning and Administration, NDOT	Link to the *2022 Nevada Sustainable Transportation Funding Study*
Agenda Item V C	Paul Nelson, Government Affairs Officer, Regional Transportation Commission (RTC) of Washoe County Christian Schonlau, Director of Finance and Chief Financial Officer, RTC of Washoe County	PowerPoint Presentation Due to copyright issues, the handout is on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or email to: Library@lcb.state.nv.us
Agenda Item V D-1	Paul Enos, Chief Executive Officer (CEO), Nevada Trucking Association	Link to PowerPoint Presentation

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item V D-2	Paul Enos, CEO, Nevada Trucking Association	Presentation Outline
Agenda Item VI A-1	Troy Arias, Owner, Arias LLC	PowerPoint Presentation Due to copyright issues, the handout is on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or email to: Library@lcb.state.nv.us
Agenda Item VI A-2	Troy Arias, Owner, Arias LLC	Presentation Outline
Agenda Item VII		Compilation of written comments received from members of the public who did not speak during the meeting. These comments are posted individually on the Legislature's website for this meeting and can be found at the address below: https://www.leg.state.nv.us/App/InterimCommittee/REL/Interim2023/Meeting/34547

The Minutes are supplied as an informational service. All meeting materials are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. For copies, contact the Library at (775) 684-6827 or https://www.leg.state.nv.us/Division/Research/Library/About/Contact/feedbackmail.cfm.