NEVADA LEGISLATURE
JOINT INTERIM STANDING COMMITTEE ON GROWTH AND INFRASTRUCTURE

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MINUTES

March 3, 2026

The second meeting of the Joint Interim Standing Committee on Growth and Infrastructure for the 2025–2026 Interim was held on Tuesday, March 3, 2026, at 9 a.m. in Room 165, Nevada Legislature Office Building, 7230 Amigo Street, Las Vegas, Nevada. The meeting was videoconferenced to Room 3137, Legislative Building, 401 South Carson Street, Carson City, Nevada.

The agenda, minutes, meeting materials, and video recording of the meeting are available on the Committee's meeting page. The video recording may also be found at https://www.leg.state.nv.us/Video/. Copies of the 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:

Assemblymember Howard Watts, Chair
Senator Rochelle T. Nguyen, Vice Chair
Senator Carrie Ann Buck
Assemblymember Max E. Carter II
Assemblymember Venise Karris
Assemblymember Heidi Kasama
Assemblymember Jason Patchett

COMMITTEE MEMBER ABSENT:

Senator Fabian Doñate (Excused)

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Keely Latham, Senior Policy Analyst, Research Division
Anthony Ciaramella, Senior Policy Analyst, Research Division
Terese Martinez, Research Policy Assistant, Research Division
Lauren Spratt, Deputy Legislative Counsel, Legal Division

Items taken out of sequence during the meeting have been placed in agenda order.
[Indicates a clarification.]

AGENDA ITEM I—OPENING REMARKS

Chair Watts:

Would our Committee staff please take the roll?

[Roll call was taken and reflected in Members Present.]

Chair Watts:

Thank you. We do have a quorum present. Just a few quick housekeeping notes before we begin. If you would like to speak, please be sure to sign in at the table in the back. We will have two public comment periods today, one at the beginning of our meeting and one at the end. You may also provide public comment by phone. You can find the information for calling in on our agenda which is also posted on the Nevada Legislature's website, along with all of our exhibits for this meeting. We will be limiting public comment to two minutes; so if you would like to provide additional comment you can do so in writing. You can submit written public comment before, during, or after our meeting, and we do have the information on how to submit that on our agenda and on our website as well. We will be hearing several presentations today related to the needs for and options to get resources for funding for our transportation systems, including our roadways and public transit. So, we will move to our second item on our agenda today, which is public comment.

AGENDA ITEM II—PUBLIC COMMENT

Chair Watts:

If anyone would like to provide public comment, please come forward to the chairs here in Las Vegas—also up in Carson City. We will start in Las Vegas, then we will go to Carson City—if anyone would like to provide comment there. Then we will go to the phone lines. I see we have three people here—once you finish, you can go ahead and return to your seat. Anyone else who wants to make public comment, just come on up until we run out of people who are interested. Good morning—welcome to the Committee—whoever would like to go first.

Alexis Motarex, Director, Government Affairs, The Associated General Contractors (AGCs) of Nevada:

Good morning. Thank you, Mr. Chairman. We sincerely appreciate the continued focus on the Highway Fund. Seeing this item on today's agenda is encouraging, as securing a sustainable transportation funding structure has been a priority to AGCs for nearly three decades. Our goal has always been clear—to identify an equitable and sustainable revenue source for the Highway Fund that keeps pace with inflation, evolving vehicle technology, and Nevada's continued growth. The reality is that the Highway Fund is approaching a fiscal cliff unless we make meaningful changes to how we fund our roads and highways.

Nevada has not increased its gas tax since 1992. In that time, vehicles have become significantly more fuel efficient, Nevadans are driving more, and we have not incorporated the rapidly growing number of zero-emission vehicles into the funding structure. The

purchasing power of those dollars has eroded dramatically while the construction costs have steadily increased. While new and inclusive revenue mechanisms are necessary, they must also examine how existing Highway Fund dollars are being used. In 2023 alone, more than $44 million was diverted from the Highway Fund to augment others agency budgets.

Since 2015, the DMV [Department of Motor Vehicles] has repeatedly requested and received an increase in its statutory cap, from 22 percent to 27 percent of the Highway Fund revenues. That increase represents roughly $240 million. In addition to that, the Highway Fund has contributed another $100 million to the DMV System Modernization Project, which has now been underway for over a decade. Taken together, that is over $300 million that did not go to road preservation, safety improvements, congestion relief, or well-paying construction jobs that strengthen Nevada's economy. We absolutely support continuing the conversation about generating sustainable and equitable new revenue, but increasing revenue without addressing structural diversions and long-term spending accountability will not solve the problem alone. As we consider new funding mechanisms and the possibility of asking Nevadans to pay more, we must ensure those dollars are protected, transparent, and used for their intended purpose—which is maintaining/improving the roads and highways we provide. Thank you.

Ann Barnett, Nevada Contractors Association:

Good morning. My name is Ann Barnett, representing the Nevada Contractors Association—comprised of general contractors, subcontractors, and construction professionals who build and maintain Nevada's roads, highways, and infrastructure. From the construction industry standpoint, the funding challenges are real. Our members are experiencing rising material costs, labor pressures, and project cost escalation firsthand. At the same time, traditional transportation revenues have not kept pace with inflation and system demand. When funding is inconsistent, projects are delayed, bid schedules are unpredictable, and workforce stability is affected. Predictable funding allows Nevada to build responsibly and remain economically competitive. We appreciate NDOT's [Nevada's Department of Transportation] leadership and look forward to the Department outlining the state's transportation needs and funding challenges. Thank you.

Lamare Jones, Local Union 357, International Brotherhood of Electrical Workers (IBEW):

Good morning, Chairman Watts and Committee members. In 2025, the Legislature passed AB [Assembly Bill] 527 authorizing automatic traffic enforcement cameras on the school buses. We applaud the Legislature for taking action to keep the students safe. Following session, Clark County School District (CCSD) underwent a public procurement process to select vendors and subcontractors to provide skilled labor and install cameras on the infrastructure. CCSD selected Verra Mobility. It was a good leader in this space.
The contract was scheduled to be awarded CCSD board meeting last Thursday, February 26, but it was removed from the agenda immediately prior to the meeting due to a massive PR [public relations] and political campaign waged by the unsuccessful bidder, Bus Patrol. We are requesting that the Committee send a letter to CCSD to move forward and award the bus stop-arms contract to Verra Mobility, their signatory subcontractors, at the next board meeting on March 12. Verra worked with IBEW members, including the local women and small businesses. They took the time to understand the community, and they crafted throughout the response. It is our understanding that the Bus Patrol has raised legal technical issues with legislation—issues that are fully vetted by the Legislature. And the legislative records are very clear—AB 527 had Bus Patrol's full support, yet they continue to do everything possible to prevent CCSD from awarding this contract. They are not concerned by the policies of the community or our student safety. They just want to

be—they just do not want to lose. They would rather nobody carry out this project. We are here with the community and care about the safety and the readiness to move this process forward. Thank you very much.

Michael Covington, Resident, Las Vegas, Nevada:

Good morning, members of the Committee. Were you able to get my notes? Can I have these distributed to you? I submitted them digitally already. (Agenda Item II A)

Chair Watts:

If you did not email them to our Committee staff, then you can provide them afterwards, and we will make sure to get them distributed. If you did send them in to our Committee staff, then they are going to be uploaded as part of our public record.

Mr. Covington:

Okay, so you should have those.

Chair Watts:

Yes, so please just begin by stating and spelling your name, please.

Mr. Covington:

Okay. I drive the freeway every day. I see the same thing as you guys do. Trucks stacked bumper to bumper—idling, burning diesel while we crawl. It is not just annoying, it is expensive. The semis tear up the roads; heavy rigs do damage equal to thousands of cars. We are spending millions to patch potholes while goods sit in traffic—late to shelves. What if we fix that? Put dedicated electrified rails next to the I-15 [Interstate 15] and the U.S. 95 [United States Route 95], using the land we already own. One train hauls what 50 trucks do, burns a fraction of the fuel, keeps pavement intact, and passenger cars can be added later. Less cars on the road, fewer wrecks. And jobs? Do not fire the truckers, retrain them—same pay, better hours, no road rage. The BNSF [BNSF Railway Company] and UP [Union Pacific] already run here. Let us upgrade their tracks, not build new ones. It is not a pie in the sky. Europe does this. China is doing it as well. We could save billions in road wear, cut emissions, and get our Amazon packages faster. So, what I am asking is—what is the timeline? When can we start planning corridors? And I would love to hear from the DOT [Department of Transportation] or the commissions, because right now we are just paying more for less. Thank you for your time.

Kimberly Aughinbaugh, Resident, Nevada:

Good morning. I am here today as a wife who lost her husband on US 95, but I am also here as a wife of a 21 year United States military veteran and 40 years dedicated to serving his country. My husband dedicated 40 years of his life to serving this country. He carried a top secret security clearance. He held knowledge, experience, and skills that simply cannot be replaced. Even after retiring from the military, he continued working towards the mission of protecting our nation. That was who he was. Service did not end just because a uniform came off. He survived deployments. He survived the demands of military life. He served honorably and came home only to lose his life on the Nevada highway after striking a wild burro. That should have never happened. US 95 is not a back road—it is a major corridor between Las Vegas and northern Nevada. It is heavily traveled every single day by commuters, families, truck drivers, and service members heading to and from Creech Air Force Base and the Nevada Test [and Training] Range, including personnel connected to

Creech Air Force Base and the Test Range. There are many men and women, just like my husband, who drive that road daily. People entrusted with national security, with sensitive intelligence, with protecting this country. They leave their homes before sunrise or return after dark. They ride motorcycles, they drive cars, they trust that the roads will get them home safely. But in certain stretches, there is little lighting, there is limited fencing, and wild burros wander onto the highway without warning. When you are in a car, you might have some protection—on a motorcycle, you do not. I am here because this is preventable. We need targeted barbed wire or appropriate wildlife fencing in high incident areas. We need better lighting and known crossing zones. We need coordination with the Nevada Department of Transportation and the Bureau of Land Management to address the burro activity before another tragedy strikes. My husband was a father to four children, including our young 13-year-old daughter. He was a grandfather to nine. He lit up every room that he walked into. He was my safe place, my best friend, and my home. He gave 40 years to this country. He deserved to come home safely on the Nevada Highway and so do others that drive that road. Please do not wait for another folded flag. Do not wait for another widow to stand here where I am today. Let his life and his service to this country mean something beyond this loss. Make US 95 safer. Thank you. (Agenda Item II B)

Anne Hanson, Resident, Nevada:

Good morning and thank you for giving us the opportunity to speak today. I am here today because someone that we loved David Aug—we called him Augie—Aughinbaugh lost his life in a motorcycle accident involving a burro on the Clark County highway. Augie was not being reckless, he was not being careless, he was actually doing under the speed limit. He was riding on the roads that thousands of residents travel every single day and yet one unexpected animal in the dark changed everything. This is not—we are not here for blame. We are here for prevention. We know that Nye County has taken proactive steps to address similar concerns with lighting, fencing, and coordinated burro management—even with smaller budgets and fewer traveled roads. This shows us that this is important, and the problem is solvable. Clark County has more funding, more traffic, more riders, more families depending on safe roads. We are simply asking that the safety become a priority in the same level of infrastructure and growth. We are respectfully asking that they:

- Improve the roadway lighting in those high risk areas,
- Strategic fencing along known burro corridors—which this particular area has been known for burros;
- Increased coordination with wildlife management and humane roundups and relocation—we do not want to get rid of the burros, we just want them relocated off of the highways;
- Clear reporting of tracking and animal relocating from incidents to occur.

These measures are not extreme—they are practical, they are preventable, and they will save lives. No family should have to stand where we are today. Across the United States, there is an estimated 1 million to 2 million vehicles with animal collisions occur each year causing roughly 200 human deaths and 10,000s of injuries. Here in Nevada alone, we have over 500 reported collisions annually between vehicles and wild animals, costing more to the public than $19 million in crash cost, resulting in thousands of wildlife deaths. And they are true numbers that are likely higher because some incidents go unreported. NDOT data shows that wildlife-vehicle collisions, most involving deer and large animals, result in millions of dollars of property damage, injuries, and loss of life.

Chair Watts:

If, ma'am, you could begin to wrap up your remarks.

Ms. Hanson:

Yes.

Chair Watts:

Thank you.

Ms. Hanson:

For motorcyclists, this is even more significant because they have not the protection of a car. Let us not let Augie's life be or the reason for—let us let Augie's life be the reason for our change. We are not angry—we are just hoping that together we can make a difference. Thank you.

Chair Watts:

Thank you so much. Seeing nobody else coming forward down in Las Vegas and seeing nobody coming forward in Carson City, we will go to the phone lines. AVH [Audio Visual Hearings Unit], would anyone like to provide public comment by phone?

AVH, Information Technology Services, Administrative Division, LCB:

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

Dora Martinez, Resident, Nevada:

Good morning, Chair. Sorry for the background noise—I am on an RTC ACCESS bus. Good morning to you and Vice Chair and members of the hard-working Committee. I saw the agenda, and I was not able to read the Guinn Center report due to its lack of full accessibility for people who are blind, like myself. But I feel like I need to be here and voice out people who are blind and people who are disabled in Nevada who use RTC ACCESS and the same paratransit in the South. I do not know if you are all aware, but RTC [inaudible] their survey out. It is called "Move More with RTC," and it is asking the general public to see if a door-to-door service for people who are disabled, who are eligible and certified to use RTC ACCESS, needs to be continued to move forward. And I feel that that is not fair because public does not know the service that people with disability need. It is sort of the phrase that I use a lot—"Nothing about us without us." And they failed to give that survey to people who are using paratransit. I am talking to my peers, and they have no clue. And I am asking you and people who care enough to listen to please—let us not make that happen because we cannot go anywhere without the door-to-door service. People with disability who are blind and people who are wheelchair users need that service to be able to get off the bus and be pushed because they cannot—let us say—push themselves to the destination door. And so, please, I hope that people with disability, if they do not know, go to the RTC Washoe and make your voice heard. And I appreciate everything you do, Chair. And I am sorry if I am going over my minutes, and thank you so much. Have a great day.

Chair Watts:

Thank you very much, Ms. Martinez. We always appreciate your participation and your advocacy. And you were just right at—just over—two minutes, so you did a good job. Thank you for your comments. AVH, next caller, please.

AVH:

Chair, you have no more callers at this time.

Chair Watts:

All right. Before we move into our next item, I will turn it over to Assemblymember Carter, who has a comment.

Assemblymember Carter:

Thank you, Chair Watts. I feel compelled to take and bring up an issue that was brought up here this morning that I have been watching since last Thursday. AB 527 came through Growth and Infrastructure in the regular session, and we heard how critical this was, and I agree on the bus light cameras. Now we see what on the surface appears to be a total corruption of the process—where we had a vendor come in, build relationships within the community, become the apparent low bidder, and then, at the last minute, get pulled off the agenda in the School Board. Now it appears that there is a full frontal attack on everything to do with AB 527, including its necessity. I just want to say that as a member of the Legislature and as a Nevadan, we need to stop this horsing around. This needs to be brought in front of the School Board and dealt with appropriately and not allow the actions and the work of our Legislature to be played with—like this is going on. I appreciate you—thank you very much.

Chair Watts:

Thank you. We will now move to Item Number III on our agenda. We are going to receive a joint presentation on the usage and need for State Highway Fund dollars.

AGENDA ITEM III—JOINT PRESENTATION ON THE USAGE OF AND NEED FOR STATE HIGHWAY FUND DOLLARS

Chair Watts:

We have representatives joining us today from Nevada's Department of Transportation (NDOT), Department of Motor Vehicles (DMV), and Department of Public Safety (DPS). We have presenters joining us both here in Las Vegas as well as up in Carson City. Welcome, Director and your team, as well as Team DMV up north. Whenever you are ready, please proceed.

Tracy Larkin-Thomason, P.E., Director, NDOT:

And Team DPS. Good morning, Chair Watts and members. Thank you for this opportunity to be with you today. Here next to me is Sondra Rosenberg, Deputy Director for the Nevada Department of Transportation. In the North, I have Kristi Defer, who is Deputy Director for the Department of Public Safety; Tonya Laney, who is Director for the Department of Motor Vehicles; and Sean Sever, who is Deputy Administrator of the Department of Motor Vehicles. There are two reasons why we chose to appear together today. First, our missions to provide safe, efficient infrastructure and services for Nevada are interconnected.

Second, we share a critical and troubled source of funding—State Highway Fund. Together today, we will outline our missions, describe our needs to effectively carry out our missions into the future, and present the funding outlook for addressing our needs. We hope to leave you with a better understanding of what we do, how we are funded, and how we are prioritizing our core missions. (Agenda Item III)

Transportation is fundamental to economic well-being and quality of life. Our mission is to provide access to safe, efficient, low-cost transportation for our residents to support day-to-day mobility for jobs, family, and recreation. A good transportation system also provides longer-term income mobility while attracting and retaining business investment and jobs in our state. Each of our Departments contribute a distinct role to our collective mission. NDOT maintains, preserves, and improves the state highway system and statewide transportation assets. DPS, Highway Patrol, provides law enforcement, traffic and incident response services to users of the state highway system. DMV provides driver and vehicle licensing, oversight of driver safety and education programs, and highway user fee collection. These functions work in harmony and the employees across our three Departments make it possible for us to deliver our missions 24/7. Complimentary to our focus on providing public services, we also prioritize employee development and training, so that we can sustain our mission for future generations—delivering our missions' resources that we invest in our assets, which includes our staff and our facilities, our technology, and our services. I will share with you more information about NDOT's needs. Then I will invite my counterparts to share theirs.

At NDOT, our needs correspond with our core responsibilities. Spanning these three categories is safety, which is a top priority across all the work we do. The first category is preservation and maintenance of the 5,400 centerline miles and over 1,000 bridges that make up the state highway system. This includes the fundamentals of managing a road system, reconstruction of obsolete and deficient pavements and bridges, paving and repaving services, snow removal, incident management, traffic management, lighting, signage, sweeping, landscaping, litter cleanup, and so much more. Recently, this category includes significant new cost items like addressing copper theft and removal and remediation of encampments and public rights-of-way. We know that if we neglect the fundamentals of preservation and maintenance, the problems grow exponentially costlier to address, usually at a factor of 4 to 6 percent—four to six times higher. The cost of our equipment, materials, facilities, and staff and contractors in the engineering and construction trades to do the work of preservation and maintenance is about $3 billion over the next decade or roughly $300 million per year. This is just preservation; this is not new capacity.

The second category is capital improvements. This category of investments is critical to safety—and efficiently to accommodate our growing population, jobs, trade, and commerce. Examples of major capital improvements include widening roadways and adding passing lanes, building interchange to improve traffic flow, and improving roadway alignments to improve safety and efficiency. These projects are long-term investments, often in the hundreds of millions or billions of dollars. Following our One Nevada long-range [Transportation] Plan, we work closely with our local and regional partners to prioritize which projects we will invest in and when—as resources allow. Our commitment is to make the best use of limited state and federal dollars. We estimate NDOT's share of capital needs over the next ten years is between $10 and $14 billion which equates to $1 and $1.4 billion per year.

Finally, NDOT needs include a variety of other essential programs. This includes compensation for our support staff, our facilities, our equipment, and supplies. Costs we pay

to our partner agencies for HR [human resources], IT [information technology], finance and legal services, and pass-through funding for our local partners, such as rural transit operations. We estimate this category at approximately $250 to $350 million per year over the next decade. Looking backward, our needs have grown sharply. In 1993, the cost of a typical highway interchange was around $10 to $12 million today. A comparable investment is many tens of millions, in some cases exceeding $100 million. Part of the cost increase comes from inflation, construction materials, and labor costs more now than they did in 1992. But the complexity of work is also growing. We design more advanced interchanges to handle more traffic, we face costlier land acquisitions, and our facilities are closer to developed areas. We go through more sophisticated environmental reviews and permitting and so on. The sheer volume of demand for improvements is growing too. Since 1993, our state's population has more than doubled from 1.3 million to 3.3 million. Usage of our roads has grown at a similar rate from 12 to 30 billion annual miles traveled—140 percent increase. Consumer prices have more than doubled and highway construction unit prices have more than quadrupled—an increase of 310 percent.

Looking ahead, we are optimistic about Nevada's future as an attractive place to live and do business, to maintain what we have, and accommodate future growth. We estimate Nevada's needs over the next ten years between $1.6 and $2 billion per year. As you will see later, when the funding available does not match this need, we make difficult choices to prioritize our investments. I will turn it over now to my colleagues to share more about their agency's needs, and I believe DMV will be addressing you next.

Tonya Laney, Director, DMV:

Thank you, Tracy. Good morning, Chair Watts, Vice Chair Nguyen, and Committee members. I also have our Legislative Liaison, Sean Sever, with me at the table and my Deputy Administrator, Angela Smith, and other members of our leadership team in the audience. We wanted to thank you for the opportunity to present this important topic to you today on our future funding needs. DMV's mission and vision are to be a national leader in DMV services by providing efficient motor vehicle solutions for the identification, licensure, and protection of the Nevadans we serve. As the population of the state and cost of goods and services continue to rise, we have consistently faced the challenge of fulfilling our mission and vision while funding through Highway Fund appropriations grows more concerning.

Nevada's rapid growth is increasing demand for DMV services, and we need the staff and technology to keep up. Investing in our workforce, modern systems, and essential operating costs allows us to reduce wait times, improve access—especially in rural areas—and protect our customer data. With stable funding, we can deliver faster and more reliable, more secure service for every Nevadan.

Additional high priority needs for the Agency are:

- Facility upgrades and expansion—modern, accessible facilities to meet growing demand;
- Cybersecurity and data protection—advanced measures to safeguard personal data;
- Employee training and development—preparing our staff for new technologies and regulations;
- Disaster recovery and business continuity—backup systems for emergencies; and

- Under customer experience and enhancement—self-service kiosks, mobile apps, and multilingual support.

Serving the population in Nevada. Over the last 15 years, Nevada's population has grown 21.54 percent, and we continue to be ranked in among the fastest growing states in the U.S. As the customer base has grown, DMV has strived to provide fast, efficient service while the staff has only grown 3.63 percent in comparison to the population growth. The need for services to continue in already established service areas must be balanced with the request for service areas to be established in more rural communities. New service areas will allow DMV to be more accessible to underserved populations; however, the cost associated with this, in terms of office space and increased staffing, often is not an option within the limits of the Highway Fund and the DMV cap restrictions.

Technology investment and innovation. As an alternative to expanding service areas, the DMV has pursued expanding online access to our services. However, this too comes with a significant cost. As you are aware, DMV has invested heavily in transforming our computer systems including implementing a new software platform and transitioning the existing platform to the Cloud rather than a physical mainframe. Even with the completion of the official transformation project, technological investment and innovation will remain a priority for DMV so that we can continue to expand our online service capability. Technology costs have seen an increase which is expected to continue with an annual 10.5 percent increase through 2030 beyond.

Operating costs. Our cost increases are not limited to technology or expanding service areas. The standard operating costs for the DMV have grown approximately 212 percent—excluding the costs related to the DMV transformation effort—in the last 20 years while incoming revenue has only grown 85 percent in the same period. Increases in population also result in increases in incoming revenue. However, most established fees have not grown with the inflated costs of goods and services, except for the Governmental Service Tax, of which most is distributed to local governments and not the Highway Fund.

Funding structure. DMV collects about $1.9 billion in revenue each year. Most of that funding goes to counties, school districts, and the Highway Fund. The DMV retains only about 6 percent of that for its operations. Our primary funding sources are Highway Funds, fees, cost allocations, and commissions. We receive a small amount of General Funds, limited to supporting Automatic Voter Registration.

The DMV also operates under a statutory cap on the amount of Highway Funds it can use. Historically, that cap was 22 percent; it was temporarily increased to 27 percent for the transformation effort, but it is scheduled to return to 22 percent in Fiscal Year ‘28. A review is underway to determine whether the 22 percent cap is sustainable.

Although revenue has increased over time, it has not kept pace with the rising costs or project needs. Highway Fund allocation growth has slowed, creating a widening gap between revenue and infrastructure demands—especially as DMV operating costs have increased by more than 200 percent over the same period. The gap is worsened by an outdated fee model and record-high inflation in materials and services.

These pressures show that the current funding structure cannot absorb escalating costs and risks limiting or degrading DMV services. Nevada's populations and service demands continue to grow faster than the funding is available. Without meaningful updates to our revenue and fee structures, the DMV will struggle to keep up with the expectations and maintain service levels.

I will now turn it over to our friends over at DPS.

Kristi Defer, Deputy Director, DPS:

Thank you. Good morning, Chair and Committee members. With me I have my Senior Fiscal Officer, Jennifer Ramos. Unfortunately, Director Togliatti was not able to be here today. The Nevada Department of Public Safety, Nevada State Police, serves as the primary statewide law enforcement agency, coordinating with local, state, and federal partners to protect residents and the millions of visitors who travel Nevada's highways each year. Of our Divisions, six receive Highway Fund support to varying degrees, and the Nevada Highway Patrol, NHP, is funded almost entirely by the Highway Fund. Contrary to common belief, NHP does not receive revenue from traffic citations—fines are collected by local courts. The Highway Fund is what sustains patrol operations.

Every day, troopers respond to serious crashes, remove impaired drivers, regulate commercial vehicles hauling hazardous materials, and assist stranded motorists in some of the most remote terrain in the country. Along with our growing population, traffic volumes, freight movements, and tourism have increased substantially. But the funding model supporting the Highway Fund—the highway safety has not grown at the same pace. Meanwhile, costs have changed dramatically. Deploying a single trooper today costs significantly more than it did 20 years ago. Patrol vehicles now include in-car video, digital reporting systems, advanced radios, and safety equipment that did not exist in the early 2000s. These tools improve transparency and officer safety, but they increase the cost of each unit. Fuel, fleet replacement, insurance, and maintenance have all risen.

Personnel remain our most significant pressure point. Recruitment and retention are ongoing challenges. While recent legislative action helped narrow pay disparities, DPS still competes with local agencies offering higher compensation. We are not currently requesting additional sworn positions due to the existing vacancies. Instead, we are focusing on stabilizing the workforce and requesting non-sworn support positions to allow troopers to remain on patrol rather than behind desks. In rural Nevada, troopers often patrol hundreds of miles alone. When a serious crash occurs on a remote highway at 2 a.m., that trooper is the only immediate sworn responder. Rural incentive pay and overtime costs are necessary to maintain coverage in those areas.

Beyond NHP, the Training Division, which is 51 percent Highway Fund supported, ensures officers receive comprehensive academy and in-service training. As public expectations and legal standards evolve, training requirements continue to grow. The Investigation Division, partially supported by Highway Fund, provides complex investigative services statewide and will seek additional investigator capacity in the next biennium to meet their increasing demand.

Although DPS does not generate revenue directly for the Highway Fund, the safety of Nevada's highways depend on our ability to maintain patrol presence, training standards, and investigative capacity. As Nevada grows, the demand for highway safety grows with it. The question before us is whether the funding structure designed decades ago can continue to support the level of public safety Nevadans have come to expect today. For more about the Highway Fund, I will hand it back to Tracy. Thank you.

Director Larkin-Thomason:

Thank you. I will now turn to the other side of the equation. Where does our funding come from? Today we aim to impart a clear understanding of funding—past, present, and future.

The State Highway Fund is the backbone of statewide transportation and traffic safety in Nevada. It is, in essence, a bank account. The two biggest sources of its dedicated income are state motor fuel taxes on gasoline and diesel and state motor vehicle fees, all collected by DMV. These dollars are deposited into the State Highway Fund, and according to our *State Constitution*, they can only be spent on the administration of highway taxes and fees and highway construction, maintenance, and repair. The state fuel tax rate was last increased in 1992, and the basic vehicle registration fee was last increased in 1991—respectively 34 and 35 years ago.

The State Highway Fund also receives other important sources of state funding at the discretion of the Legislature. The specific types and amounts of these additional funding sources have evolved over time. At present, they include three sources. First, in 2023, the Legislature fully restored the state share, which is 18 percent of the Governmental Services Tax (GST) revenues, to the State Highway Fund—up from the 75 percent in previous years. The local share of GST is dedicated to school districts and local governments. The legislative deposits revenues for DMV and DPS—this revenue comes primarily from DMV, fines, commissions, and fees other than vehicle fees. The Legislature directs certain other revenues to the State Highway Fund, such as the first $5 million collected every biennium from the transportation connections fee—which is a tax on rideshares like Uber and Lyft—60 percent of the 5 cents property tax imposed in Clark and Washoe Counties for capital projects, and other miscellaneous items. Unlike fuel taxes and vehicle fees, none of these other funding sources is constitutionally protected for highway purposes.

Finally, the State Highway Fund serves as a deposit account for all of our federal highway reimbursements. Much of this federal funding, approximately $200 million a year, is passed through NDOT to local agency partners. Outside the State Highway Fund, the Legislature can directly appropriate other revenue sources from outside the State Highway Fund. This is currently the case for the share of the budgets of DPS and DMV. In addition, the Legislature has granted NDOT the ability to bond against Highway Fund revenues. While bond sales generate cash and can be an effective strategy for leveraging debt to deliver more capital projects at any given time, bonds require debt service—payments that must be managed against future needs and revenue expectations. The State Highway Funds pays for about $75 to $100 million per year in debt service.

Travel demand and construction and unit costs combined have increased by a factor of nearly 10 since 1993. By contrast, state transportation user fees have increased only by a factor of about 2.4 since 1993. There are two reasons state-user funding is not keeping pace. First, the state's dedicated share of user fees revenues is not indexed to inflation. For example, state fuel taxes per gallon have remained flat even as the cost of fuel and other costs of maintaining our transportation system and services have increased—which means that if you pay a dollar per gallon of gas or you pay $5 for a gallon of gas, the state highway tax is the same. Second, cars are growing more fuel efficient with alternative fuels, which is reducing the amount of gasoline consumed per mile driven. This in turn reduces the amount contributed by users of Nevada roads. We started to see this impact last decade and although fuel economy has recently leveled off, the fast adoption of electric and hybrid vehicles in the past several years is expected to increase and resume the dip on our fuel tax revenues. Looking ahead, we expect both of these trends—inflation reduced fuel consumption—to continue, further undermining the viability of State Highway Fund.

In summation, our needs reflect our ambition to sustain and grow our infrastructure and services so that we continue to facilitate commerce and mobility safely for Nevadans and visitors to our state—and so that infrastructure can be a foundation for future economic growth. While we observe declining purchasing power in our funding sources, we recognize

that Nevadans do contribute substantially to the infrastructure of the state. We are committed to delivering our message by making the most of what we have, guided by the principles you see here, like enhancing safety, preserving infrastructure, and optimizing mobility. We hope that this presentation has provided a better understanding of our mission, our needs to fulfill our mission, and how the State Highway Fund and its user fee revenues function as a critical but troubled source of funding. We appreciate your attention today and your support for the work we do to keep Nevada safe, moving, and connected. Again, we just—I also want to thank our partners. We really did want to put it together because we share that pie. Anyway, we are happy to take any questions. Thank you.

Chair Watts:

Thank you very much for that presentation. I think it is particularly helpful. Many of these topics get discussed in the Legislature's budget committees when we are in regular session. But again, we often discuss those agency-by-agency, department-by-department—so having a comprehensive overview and getting that information out to the policy committee, I think, is very beneficial.

Members, any questions for our presenters? Okay—seeing none at this time, I do have a couple. I think just to tie this all together, what we are hearing is that there are needs for Highway Funds, not only for the roadway and capital projects that we all think of, but also for the ongoing maintenance, running our Department of Motor Vehicles, including upgrading our technology systems, as well as supporting our State Police or Highway Patrol officers. What we are seeing is that, for various reasons, the inputs to the Highway Fund, as well as some of these other sources that have been dedicated to support transportation, are just not keeping up with demand. So, essentially our choices to meet this are—find ways to increase the amount of revenue that is going into the Highway Fund or that is dedicated to transportation, increase some of the other fees that are associated that are dedicated to transportation, or increase General Fund revenue for some of these purposes to free up Highway Fund or transportation fund. Obviously, General Fund dollars fund a lot of things in our state—so allocating more General Fund comes at the cost of health care, education, public safety—which are about 90 percent of what our General Fund dollars go to. That is potentially the conflict of that—if we are not bringing in additional revenue. Again, if we are giving additional Highway Fund revenue to the DMV on an ongoing basis, that just shrinks the amount of the pie for the Department of Transportation, Department of Public Safety. And is that fair—essentially, that we have a pie that is not growing enough to meet the needs of the agencies and that those are kind of the options that we have. And that—if we are just shifting funding in any of the existing funding sources, that is going to come at a cost to some other agency or use.

Director Larkin-Thomason:

You are correct. In 1992, when the actual rate was established—the Highway Fund was established in the current rates—it was a generous budget, and over the years it has acted very well. In the last decade, it has reached the point particularly where it is degraded and it is stretched across the three agencies. The need for law enforcement, in many ways, particularly after COVID, has become more and more needed on the roadways to manage our—I am sorry—well, to manage, actually, the different driver behavior that is being exhibited and also to keep our freight—keep our supply chain managed.

At DMV, the services have increased. That increase in population—1.3 to 3.3 million—that is a lot more drivers for them to service. As each of the areas grow, both in the rural areas and particularly in the urban areas, more locations are needed for them to provide these services. I think they have done an exemplary job of doing more things online and putting it there. I also want to emphasize, we do work very competitively—compatibly together. Obviously, we are competing for the same funds.

Also, I think when the Highway Fund was made exclusive, so that it can only be used for certain activities, it was so that we did not tax the General Funds. We recognize the state has many needs and we fully—I mean, we all have families—we recognize education, health care are important things. I will also put out there, though, a strong transportation system is fundamental, literally, to the quality of life. No matter how you put it, you are going to use it the minute you come out the door. It is what will get you to the school; it is what will get the goods to you; it is how we do manage incidents/emergencies. The first thing in an emergency is how do we get resources in? How do we get resources out? How do we keep people out? So, a strong transportation system will be the basis for economic growth to support the other areas. But 33 years—34 years—is a long time. It has been taxed—and excusing the pun—there is no more road to kick the can down. If we do not find another sustainable way to support, not only the regional ones—the regional—the interstates, the 93s, the 95s, and all those other roadways in between. Also looking at how we provide the mobility—which is usually handled more by the RTCs and the transit systems—we are doing a disservice to our citizens. But if we do not find a more sustainable funding, we will have to reduce the scope—and right now—of what we do.

Right now, our focus at the Department is we are delivering on what was promised where we have federal grants involved. We are basically taking care of business of keeping the lights on—which is plowing, striping, lighting. So, I mean, these are basic ones, but we are going back now to preservation. Our dollars to really put towards capacity projects is slowing and that we have many projects, and we can provide examples of those later on there of what is being deferred because we just cannot bring them up at this time.

Chair Watts:

Thank you. Actually—and yes, if you could provide some additional follow-up information, that would be great. I do not want to put you completely on the spot, but I do think it is helpful if you can think of one or two major projects that have been identified as needs that are no longer in the queue because we do not have the resources available to move them forward. I think that would be helpful. So, that is my ask to you and then to the other agencies as well. If there are particular projects or staffing constraints that you are running into because there is not enough revenue to support your agency's needs, especially looking forward into the next few years. I just want to make sure that we have a strong record among the Committee of what the consequences of inaction are.

Director Larkin-Thomason:

We will provide follow-up information, but quickly—things like in southern Nevada would be [Project] Neon Phase 2 has been delayed. There is a fair amount of right-of-way acquisition on that—$60 million worth of acquisition, plus the cost of the project. The Via Nobila [I-15 South Corridor: Via Nobila Interchange] has been moved out—deferred a year to Fiscal Year 2029. We would love to bring that back in a little bit closer. The phase of Henderson Bowl is being now phased—putting it forward. In northern Nevada, we still have four phases of the Spaghetti Bowl and those have been moved out—2A has been moved out two years at this point. Passing lanes—we are still pursuing passing lanes, at least two or

two to four a year, because we think they are critical to safety, particularly on 95 and 93—but we would like to put more out. The growth of mining—Thacker—I am sorry, the lithium mine at Thacker Pass; there are two major ones going on around Tonopah. I mean, these are the routes that are now heavily used by freight and increasingly freight. We have the universities calling and asking to meet with us. Can we put in—do more—on 95 because they are worried about students going back and forth, and we are putting in as fast as we can. That is just a small sampling, but we can provide more.

Chair Watts:

Thank you. And then anyone with DMV or DPS?

Director Laney:

Thank you for the opportunity, Chair Watts. First, I appreciate Tracy's recap. As she stated, we do work very cohesively together, and we appreciate that relationship for sure. For the DMV, off the top of my mind of things that—we bring stuff in front of the legislative body to get approval, but there is other things that we do not even bring forward because we know we cannot afford it because it blows our cap. Some of those things that I can think of right off the top of my head are the population in Fernley has exploded. It would be ideal to have an office there with 10 to 12 staff, but we can never afford to do so because we cannot afford the lease on a new facility and to hire the 10 to 12 additional staff because it takes us outside of our cap. We would love to have a mobile unit that could travel to the rural communities in Nevada, but that takes costs for gas, an RV unit or a van, travel costs for staff to stay overnight—if they are going to offer services to a jurisdiction for more than one day. I mean, we cannot bring those proposals forward because we know that we cannot afford it; because we are outside of our cap. Those are a couple of big ones off the top of my head.

Some of the other challenges that we face obviously, with technology and moving more services online, is that we need to make sure that as we are moving those transactions online, that we are taking a very security-focused approach to do so. Meaning that we have the appropriate staff in place to oversee data security, that we have the proper tools to make sure that as we are engaging customers online, that we know that the customer that we are engaging with is who they say they are. That we have systems that are not penetrated by outside forces trying to get access to the valuable data that the DMV holds. These are all things that go into consideration that we know that we need to address, but to the point made multiple times today, the pie only goes so far. But those are a couple of things off the top of our list that are very critical.

I guess the biggest issue for DMV that we are seeing live out today is that the longer you kick that can down the road, as Tracy stated earlier, the costs become much more unmanageable than if we incrementally plan it to be able to keep our systems up-to-date year-over-year versus having to come in front of this body again in 10 and 15 years and do a complete overhaul that is going to cost $300 million more than it would if we addressed it as we went along. But again, that takes strategic planning and focus on being able to fund those items as we go so that we do not have to do the Big Bang asks every 10, 15 years. Then by the time we get our systems updated, because we go with the lowest bidder or what we can afford to do at the time, we are already 10, 15 years behind the most modern technology. So, that is the challenge that we face at the DMV. But again, we appreciate this

body and the accommodations that we have received on our technology project. We would not be where we are today with being able to offer the services online to our community without the approvals that we have gotten from this body in the past. We do greatly appreciate that cooperation as well.

Deputy Director Defer:

I just wanted to bang the drum again since we have the opportunity to—it is no secret that public safety has struggled with the recruitment and retention of sworn officers. It was wonderful what the Legislature did—not last session, but the one before—where they got that huge bump, and it was sorely needed—very much appreciated. But all the other cities and counties are now catching up, and it is critical that we maintain competitiveness in that market, otherwise we are not going to be able to retain officers long term. I mean, we can recruit them, we train them, but then they become a hot commodity, and they get poached, unfortunately, by the other law enforcement agencies that pay PERS and have higher wages, unfortunately. That is going to be an ongoing challenge to keep up with that.

The other thought that comes to mind is that we do not—we are probably one of the only states that do not have a dedicated commercial inspection station. We have talked about that. The cost is so high to get that started that we have not been able to get off the ground. We have tried to leverage technology and equipment the best we can to have mobile inspections and services throughout the state. But that remains a challenge and those commercial vehicles are certainly taxing on the roadways. So, those are the couple of things that come to mind, but I will definitely get other items together and submit them after this. Thank you.

Chair Watts:

Thank you so much. Again, for those who are less familiar with the budgetary process, I particularly appreciate the remarks of Director Laney because based on what we think we have coming in the door in terms of money, all of these agencies are given a direction by the Governor's office on what to plan for. There are things that the agencies do need that are never even brought forward because it is not in the realm of possibility for us to resource them, but it does not mean that those are not important needs for our community. I appreciate you raising that as an issue that we should all be aware of—that oftentimes when we are debating about the details of a budget, there are things that are not even on there, but that does not mean that they are not needed for folks across the state.

I also appreciate the note about staffing. If we are not competitive with particularly our local governments, particularly when it comes to law enforcement, we have these needs and we are training and investing resources in folks that then leave for local government. We are a training ground for that. And that is not to disparage our local agencies at all, but we have folks that are leaving state agencies—not because they do not want to be there or because they prefer to move to a local government agency—but because there is a major difference in compensation. People are leaving agencies and colleagues that they really enjoy being with simply because we cannot compete. Members, any other questions? Senator Nguyen.

Senator Nguyen:

Just to follow up on that—I do not know if I missed this, and so if I did—do you have an update on like what your vacancy rates currently are within NDOT?

Director Larkin-Thomason:

For Nevada Department of Transportation, our vacancy rate now is 15 going on to 16. Now, admittedly, when—prior—in 2023, it was 26 percent. So, we have regained a lot—again, thank you to the bump in salaries. So, we kind of stemmed the ebb, but we are still seeing people leaving. I had my executive assistant resign yesterday because she was being offered twice as much pay and closer to home.

Senator Nguyen:

Thank you. I guess my—a follow-up with that—I know that some other agencies, including your own agency, had CDM Smith and Accredited Consulting. And I know that they were previously brought on, as my understanding, to work on the study and the interim Working Group. But now that it is concluded, I believe they are still—like, are they still consulting and contracting with NDOT, or how has that shifted?

Director Larkin-Thomason:

We have kept them on. There will be a new RFP [request for proposal] going out this year to continue that service and that is to continue the—to analyze the impacts of different protected funding opportunities. But also, we have put them out to be used by our counterparts when they are also looking at how different funding activities are—what the impacts will be. We have them coordinating with Jeremy Aguero and other economics in the state, because when we talk about any funding opportunities, we want to make sure that we are all talking the same numbers—that we are not going to get off-key by—we say—if say, a tax increase—and just for education—if it says, "Here, we would say it was this much," but someone else says, "It would be this impact"—we want to make sure the information is comparing apples to apples. So, this is also shared by the RTCs; we share information with them. We share it with other public agencies. We share it with the AGC. It is used by all of them.

Senator Nguyen:

In addition to this consultant, do you have other contracts within NDOT that are you are—I guess—outsourcing or using outside consultants or independent contractors to do some of this work? Is this the only one, or do you have others that operate in this area?

Director Larkin-Thomason:

This is the primary one.

Senator Nguyen:

Okay. What other ones are—

Chair Watts:

I am going to jump in—Tracy Larkin-Thomason, for the record.

Director Larkin-Thomason:

Oh, thank you. Good catch.

Chair Watts:

Want to make sure we keep our notes clean. Thank you.

Senator Nguyen:

Can you—you said this is the primary one? What others do you have that you can recall offhand?

Director Larkin-Thomason:

We do not hire them directly. We do coordinate, as I said, with like Jeremy Aguero and his group. We coordinate with the RTCs. We do not hire anyone else directly.

Senator Nguyen:

I am sorry, what is that contract or what portion of the budget is allocated towards that? If you know—I mean, I can always consult with legal or our fiscal staff.

Sondra Rosenberg, Deputy Director, NDOT:

We will have to get back to you with that specific number. I—for our overall budget, I am sure it would be less than a percent. It is a fairly small dollar amount, but we will get you the actual number.

Senator Nguyen:

Perfect, thank you. Thank you, Chair.

Chair Watts:

Thank you. It is a good segue because we will be hearing from those folks later on today. Members, any additional questions? Okay, seeing none. Thank you so much for your presentation today.

AGENDA ITEM IV—OVERVIEW OF ROADWAY PROJECTS, TRANSIT FUNDING, AND FUNDING NEEDS

Chair Watts:

Okay, we will now move to Agenda Item Number IV, which is an overview of roadway projects, transit funding, and funding needs from the RTC of Southern Nevada.

M.J. Maynard-Carey, Chief Executive Officer (CEO), Regional Transportation Commission (RTC) of Southern Nevada:

Good morning, Chairman Watts and Vice Chair Nguyen, members of the Committee. With me today is the amazing Deputy CEO, Angela Castro. We are here today just to provide an update on roadway funding and transit funding. Some of you have seen this slide over and over again, so I am going to go quickly through most of this. (Agenda Item IV A)

As I do not think many people know, we are the only agency in the United States that houses all these functions under one roof. We are the public transit provider. We are the Metropolitan Planning Organization (MPO). We are the roadway funding agency. We are the traffic manager for the region, and we implemented and oversee the bike share system in downtown Las Vegas.

But before I brief you on roadway and trans, I just want to say thank you so much, particularly your leadership, Chairman Watts and Vice Chair Nguyen, for the critical extension of the Fuel Revenue Indexing (FRI). It was a lot of work. I know it was a heavy lift, and I really appreciate your time and effort. Cannot thank you enough, on behalf of the RTC and our Board and our communities.

I am going to go ahead just to provide some context on how roadways are funded. Primarily—you will see it on the slide—they are primarily funded by Motor Vehicle Fuel Tax, sales tax, and Fuel Revenue Indexing. What is great, again, you are hearing from previous commenters that inflation and the cost of doing businesses has critically increased. And because of that Fuel Revenue Indexing, it allows us the lack of degradation for transportation projects. Keeping pace for the cost of doing business, Fuel Revenue Indexing has certainly helped our purchasing power sustain itself so we can put more roadway infrastructure in place.

What has FRI done? Since 2014, if you see here on the slide, 736 projects have been awarded, 78 local small businesses have received work. We made a promise to the community—when we went to the ballot in 2016—that the money would stay local, and that is a reflection of that. Over $3 billion contracts have been awarded, and over 25,000 jobs have been created. Before FRI was reauthorized in 2025, we sat down and looked at the modeling forecasts and realized we would have about $100 million annually for all the jurisdictions to utilize for their local transportation infrastructure. And because of FRI's reauthorization, the RTC—we can now program approximately $300 million annually for roadway projects—so a very significant increase.

This next slide, again, is just a visual demonstration of just how important the FRI program has been. If you notice here that the blue along the chart—the blue bars—that represents the Motor Vehicle Fuel Tax. Had we not, as a community, indexed fuel tax to inflation, you can see that the tax source would have been flat, if not decreased, in some years. This slide illustrates just why extending FRI was so critical.

Again, thanks to the reauthorization of FRI, RTC and our local partners have identified more than 160 roadway projects that now can potentially move forward in the future—again, representing nearly $3 billion in investment across southern Nevada. This is just a sample of some of the unfunded projects that were identified by the local jurisdictions that now have the potential of moving forward in the future.

Now I would like to shift to transit and provide an update on RTC’s transit system. In southern Nevada, as a public transit provider, we are provided to provide complimentary paratransit service within the three-quarter-mile boundary of fixed route. The law—the regulations—do not require communities to provide transportation for seniors, for veterans, for students—but we do that. We know it is beneficial to the community. We also provide an on-demand service in the southwest portion of town. We realize because of that there is not a one-size-fits-all solution for how we move our community.

How is mobility funded? We are one of three states in the U.S. that do not receive any funding at the state level. Alabama, Hawaii, and Nevada do not receive any funding at the state level. We are primarily funded by sales tax, by grants—we go after every single grant that we can—passenger fares, and then "other." That "other" represents Medicaid. We have an agreement with the state. We receive some Medicaid reimbursement. Advertising—it is one of the things—when in Las Vegas you gotta use leverage, and we do that. Then fund balance—and this is the first time that we have dipped into—this is the last of the stimulus funds—we dipped in again to help support transit this year.

I am proud of the team. We take very seriously our job in overseeing and utilizing taxpayer dollars. If you see here on the slide, again, we are—so let me explain what this number two highest farebox recovery ratio means. That measures how effectively a transit agency recovers its operating costs from fare payments. We collect more fare in our fare box than most of our peers. We have the lowest subsidy of all bus systems in the United States. We have the lowest operating cost of all bus systems in the United States. And we are the 13th busiest bus system in the United States, providing about 56 million trips per year.

I am going to show you a visual of what our transit system looks like today, considering we are the 13th busiest bus system in the United States. Angela is going to click through here. We operate 39 transit routes—that is what you see there in the gold. The red stars—that highlights our Game Day Express routes. As a traffic manager, we understand the importance of game days. Think of the Raiders game—if not for the Game Day Express, you would find an additional 1,500 to 2,000 cars trying to find a place to park or drop off customers on any given game day. Again, it has been a very important offering to the community.

Then that pink area—that represents our on-demand service in the southwest Valley. That serves about 115,000 residents. And the black border around the transit lines—that is what the law—the Federal Transit Administration—and we serve our paratransit customers within that boundary. That black line around the map shows where the paratransit service area is. Finally, the pink lines and the gray shaded areas, again, represent senior services we provide, including 13 Silver STAR [Senior Transit Assistance and Recognition] routes and free Flexible Demand Response routes. We are one of the fastest-growing states for folks to come and retire to, and so we continue to see more demand for services for our senior community.

I think if you do not take public transit, you might think it is just for folks that cannot afford a car. Public transit is part of the economic ecosystem in every single community. We decided—just about three, four months ago—we have Wi Fi; we are able to take a poll with our customers. We can ask them how we are doing. What do you need? We asked our customers, "Where do you work and what route do you take to get to work?" Within two weeks' time, we heard from over 1,200 riders—and this is just a small representation of where public transit was connecting employees to employers. Again, the significance of what we do every single day—public transit is taking employees, getting them to work, in every single corner of the Valley. There were just the—in the two weeks—the two-week period that we heard from our transit customers, we were providing employees connections to over 240 businesses in the Valley.

We have been talking about mobility challenges in southern Nevada since 2017. We knew that we were going to be facing a fiscal cliff. We started cutting transit service before the pandemic—so in 2019, we started adjusting our budget. Because of the pandemic, we received a significant amount—$303 million—in stimulus funds that sort of pushed the problem down the road—kicked the can down the road, if you will. But we have not given

up, every single year, at least at the legislative level or the state level—excuse me—or at the local level, to identify a solution. Angela is going to talk a little bit more—Angela Castro will talk a little bit more about that in just a few moments.

We have also seen an increased demand for services, and again, that—you have heard this from every speaker so far today—the increased cost of doing business has been significant, and that has impacted our cash balance, which is the next slide.

This represents our revenues and expenditures, and the thing to really pay attention to here is the gray shaded area—that is the cash we have on hand. That is everything that we know today—the sales tax we believe we will be receiving, the funds, et cetera. Obviously, if you see here in Fiscal ’29—which is, for us, Calendar ’28—if we are not able to find a sustainable funding source, we will begin cutting transit service. I want to speak to that next, but actually, not quite. So again, people ask, “Why are you here, RTC? How did you get to this deficit?” Well, certainly labor costs have increased significantly. Inflation has had a significant impact on how we do business. As mentioned previously, the demand for mobility has increased. For the first time, in 2025, we saw a decrease in sales tax. We are primarily—our only tax source for public transit is sales tax. We receive three-eighths of a percent of sales tax—that has not increased since 1992. And then we—with the introduction of Uber and Lyft—previously, Las Vegas—the transit service we provided in Las Vegas on the strip—was the only profitable route in the United States. We have continued to see a decrease in revenue and ridership in the Las Vegas Corridor just because of more mobility choices.

The first thing that we do—again, we work for the public; we are supported by tax dollars—we have to make sure that we are a lien machine. We have to make sure that we are doing everything that we can, first and foremost, before we go out and talk to the public about needing revenue sources. Like the Great Recession and like the Pandemic, the first thing we will look at: we freeze positions; we take pay cuts; we cut capital projects; we implement a hiring freeze; we are looking today at increasing passenger fares; and then, of course, implementing service fees. We understand that, first and foremost, we are required to make sure that our house is in order before we go and talk to the public about needing any kind of tax dollars from them—an increase in that.

The next couple of slides are really impactful. I am going to show you what will happen if we are not able to identify a sustainable funding source—we will be cutting 42 percent of our transit service over two years. If you go ahead and click it, Angela. Out of the 39 routes, 15 routes will be totally eliminated, and 22 routes will be reduced—so they will be retracted—and we will also reduce the service hours. We may have been able to get an employee to do a corridor for work, but that route may not run later in the evening—so, no way to get home. This would affect over half a million Clark County residents, and it would also—and those are ones, again, that relying to get to work, to school, to education, hospital, et cetera. Click again, Ange.

The Game Day Express—we would eliminate five of the seven routes. We would go down to two pickup locations. The On-Demand service in West Henderson and the Southwest Valley would be reduced by two-thirds. This would leave more than 114,000 residents without access to public transit. We currently serve approximately 23,000 paratransit-eligible customers. We operate the seventh busiest paratransit system in the United States. When you retract a service area—you eliminate routes—the paratransit service area is reduced or eliminated in conjunction with those measures. Over 4,100 customers would fall outside the new service area and would need to find their own transportation to reach it. Paratransit riders would lose direct access to grocery stores, medical facilities, and other critical

destinations in Clark County. We estimate it represents about a decrease of 477,000 trips. These reductions all significantly affect seniors—our senior services would be eliminated. Our veterans services would be eliminated. Of course, these are folks in many cases that have not a lot of options. In some cases, we are their only option to get in and about and where they need to go.

We also—we provide—we are a local match for many nonprofits here in southern Nevada. That is that last slide that you can—that last point—the specialized services. We have an annual community mobility program. Again, we are the match for those folks to provide services to seniors and to the disabled community. We are also the local match for the rural transit services provided here in southern Nevada. Both of those programs would be significantly impacted. With that, I am going to turn over to Angela. She is going to talk about potential solutions and also go over what we have been working on steadily for the last 11 years—to talk about the fiscal cliff that we are facing today. Angela.

Angela Castro, Deputy CEO, RTC of Southern Nevada:

Good morning, Chairman Watts, Vice Chair Nguyen, and members of the Committee. As we discuss potential funding solutions, we think it is really important to briefly recap the various funding conversations that have taken place for at least the last eight years. And for Assemblyman Patchett, I am not sure if you know this but—and for members in the community—just as a reminder that we are constitutionally prohibited from using Motor Vehicle Fuel Tax revenues for transit operations. I think that is an important clarification as M.J. talked about the benefits of FRI and the extension. Many members in the community, as of late, as we go out and talk about our funding challenges, have asked, "Well, RTC, you just got FRI money. You just got—." We cannot use—we are constitutionally prohibited from using Motor Vehicle Fuel Tax dollars for transit operations.

With that, we are just going to go down memory lane. I have had many different conversations with a lot of you about various funding options, so let us go back to 2017. With the support of the Legislature and the Governor, we were able to secure ballot authority through Senate Bill 149, which allowed us to seek a sales tax—seek voter approval on a one-time sales tax measure that was set to expire in 2020. In 2019, that authority was extended to 2024 to provide flexibility to our Board and our community, in the event that—we all felt that it was not the right time to go to a ballot question. This was really important, because in 2019 into 2020 the economy was starting to soften, and we were hearing great concerns from—especially from our transit riders and our community—about the cost—the rising costs. Then, in 2020, the pandemic happened, and—as M.J. mentioned earlier—that is when the federal government came to our rescue because everybody was hurting—all of our different communities were hurting—and we received a one-time infusion of money of $303 million. Now, similar to what you are hearing from all of these other industries, it was a one-time funding solution—so our crisis and our problem did not go away—it just was pushed out.

Then we come back to 2023. Our Board and our stakeholders and our community—prior to session—we explored potential transit funding options, including fees, reallocation, similar approaches that you just heard from the Nevada Department of Transportation. It was a priority; however, early in the legislative session, as I met with many of you, our priorities shifted. Our priorities shifted because we also knew we had a roadway funding problem, and there was a lot of interest from private industry, as well as from Legislators, about fixing that through the Fuel Revenue Indexing Program—because the Fuel Revenue Indexing Program was going to expire in 2026. As you heard from M.J., we had to maintain

jobs—tens of thousands of jobs were at stake and our infrastructure—and how do we maintain our infrastructure now and in the future? Hearing that there was a lot of interest in this and hearing from some of you on the Committee, we had to pick, "What is your priority, RTC?"

So, we deferred transit, and we brought forward roadways. Knowing that we brought forward roadways, we were unsuccessful in the 2023 Legislative Session. However, thanks to the Legislature and thanks to members on this Committee—some members on this Committee—we were still able to receive one-time $5 million funding in the biennium. With that, 2025 Legislative Session came up and, again, roadways was the priority. It was the priority because we had—if we did not get FRI extended, our infrastructure would have been in jeopardy.

With that, we are leading into 2027. It has been a decade later as we continue to talk about funding for roadways, funding for transit. We are actively engaging our Board, local elected officials, and our key stakeholders to really try to identify what is the best pathway forward. With that, we have—there could potentially be legislative solutions, there could be a ballot question, or we could find other solutions. We are committed to spending the next year in the community—explaining to members of our community what our challenges are from a transit perspective and what the impacts will be prior to us having to make any cuts in 2028.

I remain committed to coming back to all of you as soon as I can figure out and determine with the community, with our Board, what are some of those solutions and identify—and drill down and identify that a little bit better.

Ms. Maynard-Carey:

That concludes our presentation. Thank you so much for having us. We are open to any questions you may have.

Chair Watts:

Thank you, and we will take questions for the RTC of Southern Nevada before we move on to our presentation from RTC Washoe. Members, any questions for our presenters here? All right, seeing none at this time, I do have a bit of a comment and a question. I think you spoke to this a little bit—this is something I often hear from my constituents as well. The District that I represent includes Maryland Parkway. There is a lot of excitement about the changes to the Maryland Parkway Corridor, which is a major transit corridor, and it is being turned into a bus rapid transit system. I know the RTC evaluated light rail—found that that would increase ridership. It was, I think, really favored by transit riders as well. And essentially, the only reason that we did not go in that direction is because we did not have the resources to do it. It is significantly more capital intensive. My understanding is we are one of the largest metro areas to have bus-only public transit service, and we do not have some form of metro system—be that a light rail, an elevated rail, a subway, et cetera. I guess the end to that in a question form is what you are telling us is that with what you are currently projected to receive, not only is there no resources for us to build that higher-capacity, higher-speed mass transit system that I think a lot of people would like and are used to in other metro areas, but we are actually looking at cutting bus service, particularly in the suburban parts of the Valley that are actually growing the fastest. Is that correct?

Ms. Maynard-Carey:

Chairman Watts, yes, in a nutshell. I think some of—I have heard over the years—I have been at the RTC almost 20 years—that in some cases we have maybe made a generational mistake in not investing in high-capacity transit. Our Agency has been looking at high-capacity transit for over 20 years. When you talk about 10 years ago, the cost to build a light rail system was about $130 million per mile. Today, it is about $230 million per mile. It is very tough to go out and talk to folks about a funding deficit when it is just maintaining the current level of transit service that we have, rather than something that I think folks want. You are exactly right with the Maryland Parkway—that was absolutely—the alternative's analysis came to a conclusion that the community wanted light rail. We did the math—one plus one equaled three—it did not work. So, we were unable to move forward and instead received the federal funding that helped us implement, now, what will be in place by the end of the year—bus rapid transit system on Maryland Parkway.

Chair Watts:

Thank you for that. I will see if anyone else has questions, but I also appreciate some of the history that you provided on some of the ballot questions, the advisory questions—and it makes sense that we did not want to bring some of these things forward in times when the economy was softening. But I, again, I think just to put a fine point on this—what we hear is that the community wants a much more robust transit and transportation system. But we have also seen that when there are measures to—brought before the public—to fund those improvements, it is difficult. We have gotten some through, particularly in southern Nevada, but not by overwhelming margins. We have seen some of those initiatives fail in rural counties. So, I just want to point out that there is some difference between what folks want and, when we put it to the voters—what they are willing to voluntarily step up and invest in. I will just say that is why it is important for elected officials at the state and local level to step up and make some of these decisions. So, not really a question there—just a comment.

Members, any other questions for RTC Southern Nevada before we move to Washoe County? All right. Thank you both so much. Now we will turn our attention up North. Whenever you are ready, please proceed.

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

Good morning, Chair Watts and the Committee. I am joined here with Mike.

Michael Hillerby, Director of Legislative Affairs, Kaempfer Crowell:

Hi, good morning, Mr. Chair, Committee members—on behalf of RTC Washoe. Thank you.

Mr. Nelson:

First off, we will start with what and who is RTC Washoe? We were established by the Legislature back in 1979—and really, it is all things transportation related. We do that in three main ways. Like RTC of Southern Nevada, we are the Metropolitan Planning Organization n(MPO), and we also operate our transit system. What makes us unique throughout the country, really, is that we also do the engineering and construction of some of our larger non-highway roads throughout Washoe County. (Agenda Item IV B)

As the MPO, we are a federal construct. It is a minimum of 50,000 for the population to have—to be an MPO. There are four in Nevada, including RTC Washoe, and Southern, Carson Area, and Tahoe Regional. The one thing that we have got as the MPO is we are

required by law to have a 20-year Regional Transportation Plan (RTP). If you look at this number, we have got 107 projects in our 20-year Plan, and that totals approximately $4.6 billion. Right now, just this year, I believe we are working on 27 projects, and you will see what the numbers calculate on that, but $4.6 billion—quite a lot of money to put into our community over the next 20 years or so.

This is how the project process works. It starts out in that RTP, the long-range process. Then we move down to the five-year outlook where some of those projects rise to the top, and that is our Regional Transportation Improvement Program or the RTIP. Once we get down to that two-year area, we go to our local jurisdictions, and we have our Street and Highway Program, Interlocal Cooperative Agreements. After that two-year outlook, we really get down to the budget, and that is when we begin construction.

Our strategic goals—we have got seven of them at RTC Washoe:

1. One of them—expand public transportation utilization;
2. Promote neighborhood mobility;
3. Reimagine the Truckee River as a transportation corridor—we do have a pathway that goes along the Truckee River. We are looking at using that better for pedestrians and bicycles and things like that;
4. Proactively managing congestion—we have got a lot of projects, especially in the North Valleys and Spanish Springs, where we are adding capacity because those areas are really growing faster than a lot of the areas in Washoe County;
5. Improved network safety—every project we do, whether it is a pavement rehabilitation project or a new road or a capacity project, we are always looking at ways that we can make the network safer;
6. Sustainable transportation funding—this is something that we are lucky because we do have indexing with our fuel taxes. But as you will find out, there are some shortfalls and some ways that we are looking at trying to bridge that gap; and
7. Be a high-functioning organization—we have a lot of talented staff and consultants on board, and we always work as efficiently and do as well as we can when it comes to improving our transportation system.

So, how does RTC impact the local economy? If you take a look at our revenues, we have about $290 million in revenue. Most of that money, you can see, is fuel tax, so we collect about $118 million. The next chunk of the pie—the second largest—is federal funding. We get some of that through formula funding dollars. Some of that we apply for discretionary grants. We also have some sales tax that we collect, as well as passenger fares, and then the Regional Road Impact Fees (RRIF). Those are fees that when developers come in, they pay a certain amount per unit. That goes into a bucket where we can improve capacity that is caused—that adds more cars because of those projects.

If you look at our expenses—about $329 million—you can see that we are actually spending more money this year than we are bringing in. That was strategic. We have put money away knowing that we have got some larger projects that we are working on this year. Some of the things that you can see that we are spending it on, the biggest chunk—capacity improvement. Then if you look over on the preservation multimodal projects up on the top, those are most of our construction projects. When you look at our sales tax dollars—our sales tax we use to operate our transit. You have got capital costs, whether that is for a fixed route or for our paratransit. We have also got some MPO operating costs. You can see

that is one of the smallest chunks of our pie is the operating. We have about 75 employees, and one of the nice things about that is that when we have a good year, we can do more projects; it does not really affect staff. When we have a bad year, we do less projects; there are not layoffs that we face.

When you look at the impact of the money that we are investing into our community, we did about ten million square feet of pavement preservation in 2024. The money that we invested in construction led to about 2,700 full-time infrastructure—construction jobs. That was an increase from 2023. We also contract with UNR [University of Nevada, Reno]. They do some of our traffic signal timing, things like that. They do a lot of work for us that we contract with them. And $171 million in transportation funding invested, which was also up from 2023.

How does the RTC fuel tax compare? As I mentioned, we do index. That is on a ten-year rolling average, but as you can see that number is not keeping up with what it used to—a lot of that is because of fuel efficiency. There is more EVs on the road; there are more hybrids on the road. If you look at the gallons purchased per capita—people are buying less fuel now than they were about ten years ago. If you look at the vehicle miles traveled per capita, that number is going up. So even though people are driving more, they are buying less gas. So even with the indexing, we are seeing that the revenue that we are bringing in is kind of staying flat compared to the inflation that we are seeing with materials and labor for construction. We are looking at a couple of ways to find some sustainable funding. Mike will get into that after this presentation.

When you look at the annual fuel tax—pavement condition, it shows the success that we are having. If you look at that yellow line right there—this is our pavement condition index—and it shows that anything above 80 really is where we want to be. That yellow line is our regional roads, the ones that RTC handles, and we are above that 80 threshold. Where you look at the other lines, you have got Reno, Sparks, and Washoe County—ours are higher. We are keeping our pavement in better condition. We do have a pavement preservation program in place, and we do have a lot of projects that we do every year to rehab the pavement if necessary.

Paying for growth—I mentioned the Regional Road Impact Fees. For a single family dwelling in the North—we basically divide this up between the north part of I-80 and the south part of I-80. You can see the numbers there for the fee for a single family residence or a multifamily residence, in the north and in the south. We are able to use that funding to make improvements somewhere in that area. You have got the north side; you have got the south side—and we can make capacity improvements from that bucket of money in that area. Some of the projects that we have done recently with that—Sky Vista up in the North Valleys—we widened that, put a roundabout in. That was all paid with RRIF funding. We did not have to use any tax money. In the south, we did one on Steamboat Parkway. Same thing—did not have to use any tax dollars to build that road.

Federal funding—we have been very successful with some of our grant applications. You can see a list of them that we have had here since 2022. Another one that is not on our list that we recently received was a grant of $21.5 million that we are using to purchase 19 hybrid buses. That will allow us to retire our aging electric buses that we bought from Proterra; that company went bankrupt. We have a hard time buying parts for the buses when they break down, so this will allow us to replace those buses with the hybrid diesel buses. That is part of the Low-No Bus Program [Low or No-Emission Vehicle Program] where we got that funding.

Some current street and highway projects that we are working on—Arlington Avenue Bridges. This is a really important project that we started back in July. We are expecting to wrap this one up in—possibly as early as May. This is largely funded through federal dollars. We got a RAISE Grant. We also got some congressionally directed spending.

West Fourth Street Safety Project—we just broke ground on this yesterday. This is a safety project. A lot of this funding comes from HSIP [Highway Safety Improvement Program] dollars—federal funding—to make the road safer.

Mill Street Capacity and Safety—we started this one last summer, and we expect that to wrap up this spring.

Then Sparks Boulevard Capacity Improvement—this one is going to stretch basically from I-80 up to Baring Boulevard, which is a couple of miles. It is adding an additional lane in each direction—so it will go from four lanes to six lanes. It will also improve some multimodal, the multi-use path, sidewalks, improvements along the ditch between the roadway.

Upcoming projects—the Biggest Little Bike Network. This is making it easier and more comfortable for people who live south of Interstate 80, in the downtown or midtown areas—Old Southwest—to ride their bike up to the north side of Interstate 80, particularly in the University area. There is also one that goes—a route that goes—east and west. This project will also tie in with that West Forest Street Safety Project, where we are building a multimodal—or a multi-use path.

Keystone Avenue Bridge—this one we are hoping to break ground on in a few years. This is structurally deficient. It is still safe, but it is aging, and it was built for cars. We are going to add some multimodal aspects to it. That one is in design right now.

North Valley's North Virginia Street Capacity—once NDOT is finished with the next phase of the 395 Project, we will start on this project to widen Virginia Street all the way up to Stead.

Then the Sun Valley Boulevard Corridor Improvements—we are looking at getting some federal funding for this right now. We just applied for a BUILD [Better Utilizing Investments to Leverage Development] Grant of $25 million. This is a really expensive project. You can see about half of that money is actually going to fixing the drainage that goes along with that roadway. There is a lot of important improvements we will be making on that road, but we have to do the drainage before we can do anything else.

What is public transportation in Washoe County? Well, we have got several different programs.

RTC RIDE is the backbone of our transit system. It is the fixed-route service.

FlexRIDE is our version of Uber or Lyft, where it is a smaller cutaway bus that will pick you up curb-to-curb, but it is in four zones within Reno and Sparks. Those are in zones where we do not have enough demand for a fixed-route service, but there is still a need for public transit. Same price if people want to go anywhere within that zone, door-to-door. If they want to go outside of that zone, they will take you to a bus stop, and then you can be on your way.

ACCESS—this is our paratransit. As you heard from one of the public commenters, it is very important for some of our people with disabilities.

We have VANPOOL. VANPOOL is very successful in our area. We are one of the top ten in terms of the numbers in our fleet for VANPOOL. It is a carpooling service. One of the reasons that we are so successful is because we have got so many employers that work outside of Reno and Sparks—particularly out at the Tahoe Reno Industrial Center. We have got people that commute to Lake Tahoe, Carson City, Susanville—areas all over the place—so that has been very valuable. It took about 20 million miles traveled off of our roads just last year.

Then other services—we have RTC SMART TRIPS, Washoe Senior Ride, Mobility Center. And then our public transit contractors—we own the buses—we hire Keolis to operate our ride system and MTM [Medical Transportation Management], they do our transportation for our FlexRIDE and our paratransit.

So, the impact that we have had—we are actually close now, this was in 2023, we are right up around 6 million rides per year. We are seeing a lot of growth for the last 41 months. We have seen month-over-month growth in our ridership. Twenty million plus vehicle miles saved through VANPOOL, as I mentioned. One of the things that I will point out with our bus system is that about 60 percent of those trips are work related, so it is very important for our local economy to get people to and from work.

We also—we are looking at future riders. We have got two programs that we think are very beneficial to the community and possibly the future of our ridership. First one is the Ed-Pass Program. We have got four colleges up in the North, and we have a program that will let any student or employee of the University of Nevada, Truckee Meadows Community College, Desert Research Institute, or Western Nevada College take our buses for free—any route, any time.

Another one that we just started this year is a pilot project—is the Youth Ride Free. This one we partnered with Washoe County School District mainly because they were seeing an increase in tardiness and absenteeism. The thought was possibly transportation, or a lack of transportation, might have been a reason why they were seeing so many absences—so we partnered with them. We are seeing a decrease in the absenteeism, but what we are noticing more than anything is that most of the rides that students are taking are for after-school jobs. We thought that mainly a lot of that would be extracurricular activities—for sports, or band, or choir, or something like that—but we are also seeing that it is very important for kids that also want to have jobs after school.

With that, I will hand it over to Mike.

Director Hillerby:

Good morning again. Thank you for your time. To hear some more about the organization, I wanted to talk just a little bit about some current activities and ongoing things the Board has directed us on. You have clearly heard a theme today, and you will hear it advanced more about the challenge with that curve. Regardless of which graph you look at—total revenue, gallons sold—as you compare that to vehicle miles traveled, because of all the things you have already heard about—overall corporate average fuel economy across the fleet and the advance of alternative fueled vehicles—we have got a long-term problem.

We were very fortunate in northern Nevada. Let me back up. I think you mentioned the studies you are going to hear in the next three speakers, so I will not get ahead of where they are both at the national and local level and state level, looking at options and what is going on in that world. Our Board has been forward looking for a long time. To go back to the mid-2000s, they looked at the issue of the fuel tax and this curve, even at that point. And with the help of our voters, the Legislature and Governor ultimately were able, in 2008 and '09, to enact a Fuel Revenue Indexing in Washoe County. That has been very beneficial. You saw the chart on Paul's and the number of things that it has done. And you certainly saw an update from southern Nevada on what it has done for them. It is critical—and has been for both of us, Washoe RTC as well as southern Nevada—but ultimately, that curve problem still exists. It just—it is not keeping up.

In the leadership our elected Board has shown over the years, one of the things is we have looked, again, at what are the options moving forward. You will hear more about this in some more detail in the NDOT study—and you have heard about it today—what do you do about people that are either paying nothing for driving on the roads at the moment—because, again, this is almost exclusively funded and primarily funded by fuel taxes—or those that are paying less than an equivalent vehicle, i.e., EV [electric vehicle] and hybrid vehicles. There have been a variety of proposals passed in the vast majority of states. You will hear more about that.

Our Board, at their most recent meeting, directed us to move forward and look for ways to enact at the local level an EV and hybrid fee in Washoe County—that would be sure like our Fuel Revenue Indexing that that revenue generated there is equal to the county portion and stay in Washoe County. Clearly, there is an appetite. There are a lot of discussions going on about what to do at the NDOT and the federal level, Southern Nevada RTC, others. We look forward to working with you, with this body, into the 2027 Session and others to see where that goes and what that may ultimately come out. But, again, our Board and their sort of forward thinking and their willingness to do that over the years has directed us to pursue that. Again, we look forward to working with you on that and be happy to answer any questions.

Chair Watts:

All right. Thank you very much for that presentation. Members, any questions for RTC Washoe? All right. I think that does it. Thank you very much.

AGENDA ITEM V—PRESENTATION ON ELECTRIC VEHICLE FEES, RETAIL DELIVERY FEES, AND ROAD USER CHARGES IMPOSED IN OTHER STATES

Chair Watts:

We will now move on to the next item on our agenda, which is Item Number V. We are going to receive a presentation on electric vehicle (EV) fees, retail delivery fees, road user charges that have been imposed in other states. We have someone joining us online from the National Conference of State Legislatures (NCSL) to give us a look at some of the initiatives that have been pursued in other states across the country to bring in additional resources for transportation. We welcome the representatives from NCSL. Thanks for joining us, and you can begin whenever you are ready.

Douglas Shinkle, Director, Transportation Program, NCSL:

Thank you very much, Chair Watts, for inviting us to present today. It is really edifying to hear about all the challenges that you all are kind of confronting and dealing with in Nevada. A lot of common themes with what else what we are hearing from other states and regions throughout the country. I am the Transportation Program Director at the National Conference of State Legislatures, NCSL, which is a membership organization that serves all 50 state legislatures and legislative staff, such as all of you helping support this Committee. (Agenda Item V)

I am happy to provide an update on what some state transportation funding trends and be particularly responsive to a couple of things that you had asked for specifically, Chair Watts, specific to EV fees and some things going on in Colorado. My colleague, Lexi Elio, who you actually see on the screen here, will be weighing in and providing some of the information we gathered on—further information we gathered on—EV registration fees, specifically in Colorado. But we want to go through the presentation, give you a few slides that orient the present—the current situation we are in, and then just go into some of the most common funding alternatives we are seeing with an emphasis on user fees. With that, Lexi, if you can advance to the next slide.

This first slide is a chart from the National Association of State Budget Officers, NASBO. What that shows—and I think the most important thing to see here is that top blue line. Of course, the through line through a lot of these discussions that were had today, but states are grappling with throughout the country, is that the main source of revenue for state transportation funds is traditionally the motor fuel tax. And the motor fuel tax is in decline in most states due to a confluence of increasing fuel efficiency from vehicles that do use some level of fuel and then the increasing prevalence of electric vehicles and other alternative fuel vehicles that do not use gas at all or use much less of it. What you will see here in this chart is just that—you can see, in 2016, motor fuel tax revenue accounted for, on average, kind of cumulatively of all 50 states combined, 41.1 percent of overall transportation trust fund state revenue. These are state revenue sources, not the federal revenue—41.1. You fast forward ten years later, and that has declined fairly significantly, about 4½ percent, 5½ percent. While we did see a slight uptick last year—and that may be because some states have—more states have started indexing their gas taxes and have raised their gas taxes of late—but overall, the trend we are seeing is that these are continuing—the source of revenue is continuing to decline. Some of the difference is being made up by just a large "other" category, and that sometimes includes things like General Funds and also just non-transportation user fee purposes. But the general trend we are seeing from all states—regardless large, small, urban, rural, growing, stable population, declining—is that their motor fuel tax revenues are declining or not growing at the rate that they once were. The next slide, Lexi.

One thing that I heard referenced by a few folks, and we think this is a helpful slide to include is that a lot of times states and lawmakers, such as yourselves, are looking to tap into existing revenues that you think are relevant and make sense and would make sense to go into transportation. What we see is that the actual—the diversion level of gas tax revenue is fairly low in the western United States. I know that there are sometimes conditions where these numbers are not necessarily accurate year-to-year, and something may happen in a particular budget year. But generally, states are definitely taking a look at trying to ascertain—keep most of the gas tax revenue in the transportation trust funds. But also identifying other kind of motor vehicle related or transportation-related fees or revenue sources that could perhaps be divert—or put into the transportation trust funds. Next slide, please, Lexi.

As reference, I want to just quickly show that state gas tax changes have actually been fairly frequent and common over the last 13 years. This shows all the states that have increased their gas tax since 2013, Nevada is not one of those. You see that 35 states and DC have done so, and some states have done it multiple times in that time. And at the same time, some of those states have gone in and indexed their gas taxes so that they track with population growth or CPI [Consumer Price Index] or the National Highway Construction Cost Index (NHCCI) or something that keeps them slowly, slowly rising—there is usually a ceiling on these indexes—but slowly rising so they can in some way stay with these incredible inflationary pressures we are seeing on construction costs. Next slide, please.

I call this our potpourri slide. The purpose of this is to show you that states use many, many different funding sources to pay for their transportation systems. I am not going to say that each of these bullet points is something that is used by a lot of states or generates a lot of revenue, but I think really this function perhaps generates some ideas. Maybe you have—you probably have—many of these taxes or fees in your state. Perhaps some of them can be reallocated in some way to help support transportation. Some of them make a lot of sense to perhaps be in the Transportation Trust Fund—like one interesting one I always point out is Georgia put in a—I think it was a $2 or so a night—hotel tax several years back and that money is dedicated to the Transportation Trust Fund. Obviously, a lot of folks using hotels are perhaps not locals or people that are using your transportation systems in general. You can see a lot of other options on there. Next slide, please.

I wanted to give a quick overview of road usage charges (RUC) because that is one of the potential solutions to bolster or supplement or replace motor fuel taxes that states are investigating. In essence, a RUC or a mileage-based user fee, an MBUF, is simply a way to tax based on use of the roadway and actually a per-mile charge. There are four states that now operate voluntary RUC programs—Oregon, Utah, Virginia, and Hawaii. I want to note that all of these programs are, like I said, voluntary. They were all created by the state legislatures in those states. They have varying levels of eligible vehicles, and, Lexi, why do not you go to the next slide, and we will show some of that.

This slide shows three of the four programs. We are going to go to Virginia in a moment because Virginia's program is structured quite a bit differently. But you see these programs are relatively similar, but there are some important distinctions between them. You will see that in some states, in Utah, for example, only really just focusing on trying to capture revenue from electric vehicles, which, of course, are not paying the motor fuel tax. Whereas in Oregon there is a broader group of vehicles that are eligible, recognizing the reality that really at the moment, fuel efficient vehicles are more of the source of the decline in the motor fuel tax rather than electric vehicles. You can see that the per rate of mileage—the per-mile mileage rate—is fairly similar in all these states. All of these states have a cap on their EV. Meaning that if you are on your RUC program—meaning that if you enroll—voluntarily enroll—in the RUC program—you are not going to pay more than whatever the EV fee is or the alternative fuel vehicle registration fee is in that state.

I wanted to note a couple of other things. Oregon’s is the oldest program. Oregon passed a significant transportation funding bill last year, and the intention there is that by 2031 all vehicles not powered by gas will be required to enroll in the RUC program. If you do not enroll in the RUC, you can opt out of the RUC program, but then you have to pay a much more significant EV fee of $340. Really the thinking there is to push more drivers into these RUC programs, achieve scale—helps you understand inefficiencies and how these systems work, and refine them. There is, of course, a lot of questions about how you actually collect these mileage fees—and we will go into that in a moment. Want to note that in Utah, as I

mentioned, it is really, in all, it is EV—electric vehicle specific. Utah has made some recent programmatic changes that I think will increase the scale of the program and also reduce collection costs.

In Hawaii, their program just started in 2025. At the moment, drivers, electric vehicle owners in Hawaii can opt into this program, and they will pay no more than the $50 electric vehicle registration fee that currently exists in Hawaii. However, in July 2028, this participation in this program will become mandatory for electric vehicle owners in the state, and that $50 cap will be lifted, and the future plans are to intend to potentially bring some, if not all, of the vehicles in Hawaii into this RUC system and perhaps fully transition from gas tax. Hawaii, I would note—and it is a good place to maybe touch quickly on—how do you collect these fees? That is one of the most, I think, thorny issues. There is implementation and technology questions. There is also public perception around the tracking or reporting of these miles. Hawaii is one of about 13 or 14 states that have an annual required state vehicle safety inspection—and because of that, they have a very simple way that already exists to collect this. It is just, simply, you go in, you compare your odometer reading of the book the year before, and they get charged accordingly based on the mileage or per-mile rate. Now, there are some states that are looking at creating payment plans. So, you are not—so, if you are a driver, a vehicle owner in that state—you do not necessarily have to pay all of this fee at once—that it may be broken up into one, or two, or four payments—but just wanted to mention that. So, Hawaii is definitely a state to keep an eye on there. Lexi, let us go to the next slide so we can briefly tell you about Virginia.

Virginia's program is quite a bit different, and, of course, they are the largest state population-wise of all these states with a RUC. You will note that the eligible vehicles include EVs, but they also include fuel efficient vehicles. Essentially, if you have a fuel efficient vehicle or an EV in the State of Virginia, you have to either pay a highway use fee or you can opt into this mileage use fee program. The mileage choice fee is calculated by dividing the highway use fee by the average number of miles traveled by a passenger vehicle in Virginia—which is about close to 12,000—to determine a per-mile fee. And because of the structure of their system, they have many, many more vehicles in their RUC, and that enables them to, like I said, iron out some of the implementation challenges and also potentially get to a place where this is actually collecting a decent amount of revenue. Because these programs at the moment are not necessarily the—they are not necessarily—it is really like beta testing to get to a point where these systems, in the future, can collect more revenue. But right now, it is working out the kinks. With that, next slide, please, Lexi.

I think we are going to go to Lexi now, and she is going to fill you all in on some of the details of how states structure their electric vehicle registration fees, as well as tell you a little bit more about delivery fees and some other options states are looking at. I will be back on later to wrap up the presentation.

Lexi Elio, Policy Specialist, NCSL:

Thanks, Doug. The electric vehicle registration fees are at the other end of the spectrum as compared to a RUC, with only nine states not charging electric vehicles additional registration fees. These fees range from $50 on the low end in Hawaii and South Dakota up to $290 in New Jersey starting in 2028—$270 this year. As you can see from the bar chart, electric vehicles comprise a larger share of the national fleet each year. Although adoption ranges from quite low in some states, like Mississippi and North Dakota, all the way up to 3.4 percent of the fleet in California.

There are a few states that have dynamic EV registration fees or fees that increase and change over time. The ten states shaded in our light blue here currently index to the CPI or another measure of inflation, but some of the states in this darker blue-black color increase their fees in a different way. So, Georgia indexes to fuel efficiency as measured in the national fleet. Michigan indexes to the gas tax, which is quite interesting because Michigan just passed a significant increase in their gas tax last year. They increased from 31 to 52.4 cents per gallon, which increased their electric vehicle registration fees from $160 to $267 per year. Missouri and New Jersey take a different approach with stepped annual increases, and they have each chosen a five-year time horizon.

Many states, 32 states and Washington D.C., also choose to charge increased registration fees for hybrid vehicles. An important distinction here—this includes both a traditional hybrid vehicle that runs off of gasoline and a Prius with regenerative braking, as well as a plug-in electric hybrid vehicle that can use either electricity or gas. You can see the fee range is quite large in our upper right hand corner here, from just over $23 for a hybrid vehicle in Utah to $150 for a plug-in electric hybrid vehicle in Ohio. There are a few states that choose to charge plug-in hybrid electric vehicles (PHEVs) the same amount as either a hybrid or an electric vehicle, but many states choose to charge them a fee amount somewhere in between.

You can see from our bar chart here that hybrid vehicles have a higher penetration in the fleet than electric vehicles, but a slower adoption rate. Plug-in hybrid electric vehicles, which are a bit of a newer technology, are seeing a faster adoption curve but lower general adoption, somewhat similar to electric vehicles. Hybrid adoption ranging from about 1 percent in North Dakota up to 4.6 percent in California.

We were asked to provide some information specific to Colorado's electric vehicle fee structure. I will provide a brief summary of the changes made in Senate Bill 260, passed in 2021, which was a larger transportation funding reform package that included fees on gasoline and diesel as well as some fees that we will touch on later, such as a retail delivery and Transportation Network Company (TNC) or ride-hailing. But specific to electric vehicles, this bill indexed the existing fee which applied to both electric vehicles and plug-in hybrid electric vehicles. The original fee was $50, but after indexing the CPI annually for about five years, that fee sits at about $60 today. The bill also created annual additional road usage equalization registration fees—bit of a mouthful—but they did differentiate between electric vehicles and the plug-in hybrids. A bit small—but on the right side of our screen, the bill prescribed an annual fee increase schedule starting from just $4 additional for electric vehicles all the way up to $96 additional in Fiscal Year ’31. With a similar increase schedule for the plug-in hybrid electric vehicles starting at $3 all the way up to $27 additional in Fiscal Year ’35.

After the prescribed increases end in Fiscal Year ’31, both of these fees will be indexed annually using the National Highway Construction Cost Index that Doug mentioned briefly earlier. This index is managed by the Federal Highway Administration and, somewhat intuitive to its name, measures the average change over time in prices paid by state DOTs for roadway construction policy services. And, notably, the NHCCI has outpaced the CPI since mid-2021.

An important provision of this bill was requiring a rather robust legislative report five years later—so coming up in the 2026 Interim—on all of the projects that were implemented with funding provided by the bill, as well as other projects and transportation needs for the next

five years, required the three implementing agencies to make recommendations to the Legislature on both whether additional General Fund money would be needed or whether any of the individual fee announcement formulas should be changed, as well as requiring consideration of any changes in average fuel efficiency across the fleet.

On our next slide, we have a sense of both how much revenue these fees are generating as well as how they are allocated. That based index $50 fee, 60 percent of that goes to Colorado's primary transportation account, the Highway Users Tax Fund, and 40 percent to a grant fund dedicated to electric vehicle infrastructure. Of the 60 percent going to the Highway Users Tax Fund, those two shaded colors, 60 percent stays with the state and 40 percent flows to localities. That road usage equalization registration fee—so eventually the additional $96 or $27 for EVs and PHEVs all goes to the primary transportation account with that same 60/40, state/local split. And you can see actuals as well as projections provided by the Colorado Department of Transportation for these fees over time. They do assume a modest increase in electric vehicles and expect that road usage equalization fee to continue becoming a larger piece of the pie as those prescribed increases continue.

Turning the page a bit to a different type of fee, we have fees on Transportation Network Companies (TNCs), often known as ride-hailing companies—so, Uber, Lyft, Waymo. Our seven states, shaded in the light blue color here, dedicate all or part of these fees to transportation purposes, as opposed to the states in that darker blue dedicating revenue to the General Fund or using it to regulate TNCs. States charge a per-ride fee or a percentage of total TNC revenues. For another example of revenue generation potential, Massachusetts is collecting about $15 million a year with a 20 cent fee. Colorado charges a 30 cent per-ride fee with a discount of 15 cents per rides in zero-emission vehicles. And revenue has grown to $11.7 million collected in 2025.

There are only two states that have currently enacted retail delivery fees—Colorado and Minnesota—and they have structured them quite differently, which offers an interesting comparison. You can see in that bolded text there that Minnesota charges a fee almost twice that of Colorado's—50 cents versus 27 cents—but Minnesota includes several exemptions. Baby products, medical devices, and—perhaps most notably—food, including both groceries and prepared food, are exempted from the fee. Minnesota's fee also does not apply until $100 of eligible items have been included in [inaudible]. Both states include exemptions for small businesses, albeit at different thresholds, and do use this revenue for transportation purposes.

Here, we have a sense of how much revenue these fees are generating. You can see in Fiscal Year ’25, Colorado collected over $100 million with that 27 cent fee and Minnesota just almost reaching $20 million in the same year with the 50 cent fee, but more restrictions and less applicability. And both states are projected to collect more revenue in Fiscal Year ‘26 than the year before.

With that, I will pass it back to Doug to cover our last fee type and close out the presentation.

Director Shinkle:

Thank you, Lexi. The last user fee we are going to just quickly go over is kilowatt charges—per kilowatt hour charges—which, i.e., filling up at the electric vehicle charging station and paying a fee—so, much more of an equivalent to a gas tax in terms of tying the use to the fuel source rather than actual usage of the road—which would be the case with something like a mileage-based user fee. There are 11 states that have enacted laws taxing

the consumption of electricity at public EV charging stations. Almost all of these pieces of legislation were enacted in the last five or six years, with the exception of Pennsylvania. Revenue is mostly dedicated to transportation infrastructure. In a few states they do dedicate a little bit of it to things around electrification.

The key thing to point out here is that thus far all the states that have implemented these have focused on publicly available charging stations—so, no in-home charging. It is certainly possible to apply such a fee to in-home charging, but it is more challenging from a technical and administrative perspective. So, in the short term, this is what states are focused on. I think one of the big, perhaps potential benefits of this sort of fee is that if you have someone who is driving through your state and previously had an ICE [internal combustion engines] vehicle, power vehicle, and they now have an electric vehicle, well they are now not paying that gas tax while they are traveling through your state. You are not capturing anything from them while they are using your roadways. So, this is a way to theoretically capture some revenue from out-of-state drivers that are driving electric vehicles. I do not think the expectation is that this revenue source will necessarily bring in an amazing amount of money, but I think that in this fiscal environment, every little bit counts. Some of the revenue amounts that we have collected is that Pennsylvania collected $1.6 million last year, Iowa is about $550,000, Kentucky—almost $600,000, Utah—$1.3 million last year. And those are all kind of trending up.

There is also—they are all in various stages of implementation, where not all of these charging stations are necessarily online and compliant quite yet. We would expect with the scale of EV adoption only increasing that we would see larger amounts of revenue from this in the long term, but that is where we are at the moment.

You will see that there is a range of the per kilowatt hour fees that is decently wide between 1.7 cents in Pennsylvania, and Minnesota—which has the highest fee—theirs is 5 cents per kilowatt hour and that will go into effect in a couple more years on July 1, 2027. And I would say, the one maybe challenge with this is you do have to coordinate with utility providers to help get money that is then used for transportation purposes. And is that more—is that challenging and complex in a way that is maybe not worth this revenue? Not sure, but we wanted to give you the full suite of what states are looking at. Let us now go to the next slide, Lexi.

To wrap up, these are just some of our main transportation funding resources. There are a lot of things that we are tracking at the moment, and we think these resources could be helpful to you. One thing that we did not mention today is more states are taking a look at—if you look at the second to bottom bullet—managed lanes or express lanes, which are of course lanes that allow a driver to choose to travel on a lane that theoretically has less congestion and more travel reliability in exchange for paying a fee—but at the same time preserving the same number of free lanes that existed before, so you are not taking away any capacity for non-paying drivers.

With that, I think we will wrap up our presentation. Happy to take any questions or respond to any requests that we need to [inaudible]—Lexi and I need to do a little bit more digging into.

Chair Watts:

All right, thank you very much to you both for the presentation. Members, any questions? Assemblymember Carter.

Assemblymember Carter:

Thank you very much for the presentation. It was actually one of the last points you brought up. I am trying to wrap my head around about the need to engage the public utilities rather than operating it as a sales tax type of thing for the vendors for public charging. What creates the necessity to engage the public utilities in that type of an effort?

Director Shinkle:

Good question. I think—let us see. So, one dynamic is that the actual physical systems to collect—to track and collect and understand the number of per kilowatt hours requires some compliance efforts that typically would include the energy utilities. I would say that is the first one I can think of. But you are right, Assemblymember, and I believe that there are a few states that structure their per kilowatt hour more as a sales tax. So I do think that it is certainly—that there are some different ways to approach this and that there is—it is certainly possible, I think, with all of these new user fees that you just have to implement a new system and work through and refine some of your practices. Lexi, I do not know if you have anything to add there.

Ms. Elio:

Perhaps just that if it is of interest, we could connect you with folks that are currently implementing these fees to talk through some of those implementation options.

Director Shinkle:

Great point. Yeah, we have—and all those revenue numbers we have collected are from some of the state departments of revenue—the different departments in the respective states that are responsible for collecting these fees. So if you have more in-depth questions or you just want to be connected with one of these folks, we would be happy to facilitate that.

Assemblymember Carter:

Thank you very much.

Chair Watts:

Thank you. Following up on that issue briefly. You said that it is obviously theoretically possible, but no states currently are levying a per kilowatt charge on at-home charging. Is that correct?

Director Shinkle:

That is correct.

Chair Watts:

Thank you. I will just say while I have the ability to put it on the record, but I do think that that poses a significant dilemma and challenge, particularly if we are not considering the residency of folks. Here in Nevada, obviously, we have a lot of people that are traveling here. And so it would be great to get them to contribute when they are charging their electric vehicles here in town. But there are also folks, particularly renters, who do not have

access to at-home charging. So, I am concerned both with the fact that certain charging is levied that and others are not. Then I think the other big issue is we saw in your presentation that almost all states have some form of EV fee. And so, for those folks who are residents and are paying that EV fee, but then also utilize public charging, they are essentially double taxed. I guess if you have any comments to make on that, you can, otherwise I can see if folks have other questions.

Director Shinkle:

Chair, I think everything you say is spot on in terms of this is very thorny. And the fairness question is the one that comes up the most with these flat EV fees, but also things like the per kilowatt charging. Are you actually—what you are doing is you are ended up maybe overly focusing on a relatively small amount of vehicles and taxing them perhaps more at rates that are commiserate with their use. I think that is definitely—from what we have heard from talking to other committees and other stakeholders—the biggest drawback to the EV fees and something like the per kilowatt charging is just that it is not really based on actual roadway usage. It is also disproportionately perhaps impacting a certain class of vehicles—vehicles that, of course, some states are trying to incentivize to meet other goals related to environmental outcomes, emissions reductions, et cetera. I do think that is a concern. I would say that, once again, it is technically, technologically possible to collect this—to do this from homes. But I think that is a further level of complexity and compliance that may not be worth the squeeze, but that is something where it may be worth interfacing with some of the Department of Revenue stakeholders, but also some of the companies that actually administer and operate these electric vehicle charging stations and the electric—and the utilities. Because I know there are actually things that—technology you can use in your home that can differentiate—I do not want to pretend that I am really an expert on the energy aspect—but there is technology that can differentiate when you are charging at home and—when you are charging an electric vehicle rather than using your electricity for other purposes. So, it is technically possible.

Chair Watts:

Thank you. Yes, but, as noted, a lot of logistical issues in that, and both the setup, administration, and enforcement, and the cost associated with that, as you said, that juice may not be worth the squeeze. I think one of the things that we have seen through your presentation that many states are addressing or grappling with, and what we have heard from some of the—especially from the local government presentations is how critical indexing some of these things is. We have heard about some of these flat fees and essentially, while there are other issues at play, without indexing any of these things are going to erode in their effectiveness and essentially have to be revisited by the Legislature in the future.

The one other thing that caught my eye when you were discussing road user charges is that states are looking at allowing for installment payments. That has been a big issue of importance to me. While technically our state registration fees are low, the governmental services tax, which helps fund a wide range of services as was discussed earlier, is pretty high. That can already be a barrier, adding additional fees on top of that could be a real challenge for auto drivers. The Legislature passed a policy which the DMV is working on implementing and hopefully getting up and running early next year that will allow folks to make—to have the option to make payments in installments. I do think, particularly as you look at potential surcharges on registration, that is a really important consideration. Members, any other questions for NCSL? Assemblymember Karris, go ahead.

Assemblymember Karris:

Thank you, Chair. What a great presentation full of very good information and lots of choices. I have to say that I would be against making our citizens' electrical bills any more confusing than they already are. That is a big concern. It is an issue that we are already dealing with. And I do not like it because it—logistically, even for NV Energy—and all our different electrical companies in the state—how difficult it would be to figure out which kilowatt hours were for the charging of the vehicle and which kilowatt hours were for what they are using to cook or dry their clothes, heat their houses, whatever. I do know that something that may be simpler—I did like the idea of it being based on annual mileage because our DMV in Nevada already requires you to submit your odometer reading when you submit your registration. So, that would not incur any new administration duties, incurring more burden on our DMV. I did want to ask—because I was not quite clear on all these various systems, and I am sure it is different state by state—but the difference between hybrids and EVs and where these fees are going—basically they are going to pay a tax if they are using gasoline and then if we did it by mileage, it might get messy for them at the DMV. I think there is a little bit of work to be done for that, but I think that is more viable than putting it on the electrical bill. I just look at it as a nightmare.

Chair Watts:

I agree with you, Assemblymember. Anybody else, questions? All right. Well, thank you both so much again for providing this overview as well as the links to those resources that NCSL has compiled. We very much appreciate it.

Director Shinkle:

Thank you very much, Chair Watts.

AGENDA ITEM VI—PRESENTATION ON THE GUINN CENTER FOR POLICY PRIORITIES STUDY—"REVENUE OPTIONS FOR TRANSPORTATION INFRASTRUCTURE IN THE ELECTRIC VEHICLE TRANSITION"

Chair Watts:

Okay, we will now move on to Agenda Item Number VI, which is a presentation on the Guinn Center for Policy Priorities study, revenue options for transportation infrastructure, and the electric vehicle transition. We welcome Director Tolles—always good to see you again, and Mr. Comprado, good to see you again as well. As soon as you are ready, you can begin.

Jill Tolles, Executive Director, Guinn Center for Policy Priorities:

Thank you, Chair and members of this Committee. We do have a presentation if you would like to pull that up or just give us the signal. If you can see it on your end, we will get that worked out. Thank you once again. For those of you who are not familiar with the Kenny Guinn Center for Policy Priorities and knowing that this is the first time that we are presenting to this Committee, we are a data driven, independent, nonpartisan policy research center across the State of Nevada. We are affiliated with the University of Nevada, Reno, and we also have working partnerships with UNLV, with Boyd Law School, and subject matter experts across the state. (Agenda Item VI)

As I said, I have the privilege of serving as the Executive Director of this amazing institution. I am also here to introduce Mark Krmpotic, our Interim Director of Economic and Fiscal Policy. Many of you might recognize his name and face from his years of service in this body in the Legislative Counsel Bureau; he retired as the Senior Fiscal Analyst for the Senate. We are fortunate to have his wisdom and expertise as the Project Manager and Principal Investigator on this research study.

Again, because this is the first time we are presenting to this Committee, just want to give a little bit of background on the Guinn Center. We were named after Governor Kenny Guinn, who is known for knowing the budget inside and out and for being a champion of education, and particularly for his ability to work across party lines. One of my favorite things about the genesis of this institute was that it was a prominent Democrat who recommended that it be named after a Republican Governor. It has been bipartisan in its leadership and nonpartisan in its approach to research ever since.

We study many areas, including economic and fiscal policy, education policy, and health and social policy as our main areas of focus. Then we also study governance and elections, and in the past have studied natural resources and land.

It seems to be having a mind of it is own, but thank you for battling the gremlins.

This is my favorite illustration just to make the point that in today's political discourse, oftentimes we have people who come to issues with their own set of facts and information, and they see very different realities—in the case with these two gentlemen fighting over how many bars are on the floor. Oftentimes with our own information, algorithms, newsfeed, and friends and family, we truly do look at the other side and think that perhaps they do not have all the right information. The Guinn Center is not here to take one side or the other. The Guinn Center is here to research and lay out all the relevant data and facts so that we can help better inform the public and our decision-makers for the good of Nevada.

With that, it is my pleasure to introduce the Principal Investigator on this study, Mark Krmpotic.

Mark Krmpotic, Interim Director of Fiscal and Economic Policy, Guinn Center for Policy Priorities:

Thank you, Jill, and thank you, Mr. Chair, members of the Committee. Our first slide here, slide seven, highlights the growth in EVs and what we call—generally use—the term HEVs that includes all hybrid electric vehicles. This looks at Washoe County specifically because this work was done under contract with the Washoe RTC, and so you will see a focus on Washoe County throughout. But this highlights from June 2020 through June 2024—the increase in hybrid vehicles, which is the purple line, increasing from 6,354 to 13,506, and then electric vehicles, which is the green line on the graph, increasing from 1,583 to 8,029. With respect to electric vehicles over this period of time, that is an increase of 407 percent in the number of registered electric vehicles, and with respect to HEVs, that is an increase of about 112 percent. The information that we are presenting here is information that was provided by the DMV under statute, and they also report vehicle miles traveled as well. Where is the mouse? Excuse me, one second.

Chair Watts:

Of course. We will have our staff help out if there are still gremlins in the PowerPoint.

Interim Director Krmpotic:

The next slide illustrates taxable gallons of fuel sold in Washoe County. This is a theme you have heard from other presenters this morning. Of course, the gasoline tax is based on the number of fuel gallons sold—taxable fuel gallons sold. This has increased year over year from 2022 through 2024. Again, this is Washoe County-specific information, showing the trends in gas tax or taxable gallons of fuel sold.

In Washoe County—and this is probably true with other counties of the state overall—currently, EV and HEV owners pay the $33 annual registration fee which is directed to the State Highway Fund. This applies to all registered vehicle owners in the state regardless of whether the vehicle is an EV or a gas powered vehicle. Also, EV and HEV owners pay the basic governmental services tax, which you referred to a bit earlier, Mr. Chair. That is directed to the state—a portion of it is directed to the State Highway Fund, the State Education Fund, and local counties and cities following a commission that is deducted by the DMV, which goes towards funding the DMV operations.

One other item I would mention is that there is a county optional sales tax which would apply to the EV or a hybrid upon purchase. And that—with respect to Washoe County, again—goes to the RTC, and I believe that is divided between transit and road construction and maintenance.

This study also involved interviewing nine Legislators whose districts represent a portion of Washoe County, and they were interviewed to gain insight on their perspective. Generally speaking, the Legislators understood the impact of EVs and hybrids on fuel tax collections. They were also open to implementing a policy solution to replace fuel tax in Washoe County. I would also add that the Legislators were also mindful of the benefits that electric vehicles and hybrids present in terms of clean air standards the state is trying to achieve.

The policy interventions—NCSL touched on this a little bit earlier—involve additional registration fees on electric vehicles and hybrids, the vehicle miles traveled tax, and the electric charging station tax.

This next slide highlights those states that have implemented registration—additional registration fees. At the time this report was prepared, there were 39 states that had implemented the additional registration fee. There are now 41 states, with the addition of Delaware and Rhode Island, with respect to electric vehicles. There are four western states that have not implemented the additional registration fee on EVs, which includes Nevada. And in looking at the policies implemented by other states, it largely appears that those states add the registration fee on EVs in addition to the registration fee that is already in place. In the case of Nevada, that would be $33 for each vehicle.

The fees that are applied to EVs—this highlights how those range from $50 to $250 throughout the country. Those with the darker purple are states that impose a fee of about $250. Then, of course, the gray states are those that have not implemented the additional registration fee.

Some of the pros that go along with the additional registration fee is that it includes a policy that is straightforward, and due to the ease of implementation and administration, and it is familiar with the public, since the members of the public already pay the registration fee to

the Department of Motor Vehicles. That is the $33 piece. And of course, it would likely require less cost to implement it and administer it since it is not a brand-new program; the DMV currently collects the registration fee. This would be a new registration fee if it were implemented on electric vehicles and hybrids.

The cons to this proposal or policy intervention would be potential resentment on the part of EV owners and those are perceived they are being penalized. Of course, if the registration fee were set at a high amount that could disincentivize ownership. And then the policy intervention does not address the impact of improved fuel efficient vehicles, which is also a cause of the decline in sales of gallons of sales of gasoline.

The next policy intervention involves the vehicle miles traveled tax, otherwise known as the VMT. This represents a charge drivers pay per mile when they drive on public roads. It is currently implemented in Utah, Oregon, Virginia, and Hawaii. Hawaii most recently implementing this in 2025. Drivers of EVs have the option of paying the flat fee each year or enroll in the VMT program and pay a per-mile fee up to the flat fee amount, which you heard a little bit of what some of those fees are from the NCSL presentation. Although the VMT is not fully implemented, of course, Nevada collects the vehicle miles traveled under a pilot program passed by the Legislature in 2019. I would just add that this is a self-reporting program where drivers report their odometer reading at the time they register. I recently registered a vehicle online in Nevada, and I noted that the emission station collects the odometer reading at the time I had the emission test on the vehicle prior to registration. That information was already inputted in the DMV's system when I registered online. However, the emission stations and those tests only apply in Washoe and Clark Counties.

The pros to the VMT tax. It ties road usage to the amount of taxes paid; it is more effective in measuring and taxing road use by EVs and hybrids or HEVs; and it could be structured to address vehicles with improved fuel efficiency. One of the cons would be the greater time and cost to implement, and it would be a new program to a large degree. One of the things I would note in our research is that the states that have implemented this use third-party vendors to assist in administering the program.

Lastly, the electric charging station tax. Again, the map displaying those states that have implemented the electric charging station tax. Georgia, I believe, has since implemented this. It was—their program was on hold for a period of time. As you heard from NCSL, Nebraska and Minnesota have implemented programs. Although they have been enacted in statute, they have not fully gone into effect yet.

One of the pros to the electric charging station taxes—it offers an alternative policy options for states to recover funding from EVs and hybrids. I would note that Utah—the State of Utah—has implemented all three of these policy measures: the registration fee; the VMT; and the electric vehicle charging tax.

It is difficult, potentially, to estimate the revenue that could be generated from the program, given the lack of information on kilowatt hours dispensed and the number of charging stations. We reached out to the Public Utilities Commission during the time the study was being researched, and there was not any information on the number of public charging stations out there or how much kilowatt hours those public charging stations dispensed. One of the other items I would note from our study was that some of the states

have delayed implementation of the program for charging stations that are already in place due to the fact that those owners of those charging stations have had to add meters to measure the kilowatt hours that are dispensed from those. And then lastly, it requires additional time and cost to set this tax up.

As part of the scope of work in our work for the RTC under the contract, we also looked at existing statutory authority to determine whether there were any potential solutions to generate additional revenue for road construction and maintenance. One of those is the supplemental governmental services tax; that is in place in statute, but it is not implemented in Washoe County at present. It is implemented in Clark County and Churchill County. This is 1 cent on the dollar valuation of a vehicle. Currently, the basic governmental services tax which is in place in Washoe County is 4 cents on each dollar valuation of the vehicle—and I would add that is implemented throughout the state, except for those vehicles that are exempt under statute. This policy measure would require approval by the Washoe County Board of Commissioners, but not approval of the voters—as is in the case for the other counties.

A county is required to use the proceeds to pay for the cost of construction and maintenance of sidewalks and streets. The county may expend the proceeds of the tax under an interlocal agreement concerning any projects to be financed with the tax or the operating costs of a county. It would require motor vehicles in the county, including EVs and HEVs, to pay the tax, except exempted vehicles.

This next slide just displays what the cost might be for supplemental governmental services tax for a vehicle that has a value of $30,000. Currently, if the vehicle were depreciated by 15 percent—which is two years old—that vehicle owner would pay $357 of basic governmental services tax and $89 of supplemental governmental services tax if that tax were implemented.

We would also note that existing statute provides for the county optional sales tax. As I mentioned a little bit earlier, the RTC, the portion that they collect that is collected now is divided between transit and road construction. Currently, the county collects three-eighths of 1 percent under statute. One-half of 1 percent is authorized; therefore, an additional one-eighth of 1 percent of this tax could be imposed. This tax does require a vote of the people in the general election—those voters in Washoe County. We generally estimated that this one-eighth of 1 percent in county sales tax could generate approximately $14.6 million each year. I would note with both the supplemental governmental services tax and the county optional sales tax—both of those ideas do not specifically address the issue of EVs and hybrid vehicles using the roads and not paying gas taxes currently or paying a lesser amount.

In our report, we used five factors to evaluate each of these policy options:

1. The timeliness of implementation;
2. The cost of implementation;
3. Revenue generation aspects of the policy intervention;
4. The environmental effects; and
5. The equity among taxpayers.

Based on those factors, suggest that the registration fee may be the best option to pursue. Of course, each of these policy interventions we discussed—the registration fee, the VMT, and the electric charging station tax—require approval by the State Legislature.

That concludes my presentation. I would be happy to answer any questions.

Chair Watts:

All right. Thank you so much for the presentation. Members, any questions for the Guinn Center? All right, seeing none. Thank you so much.

AGENDA ITEM VII—PRESENTATION ON RESEARCH AND MODELING OF ELECTRIC VEHICLE FEE STRUCTURES

Chair Watts:

We will now move to the next item on our agenda, which is Agenda Item Number VII, presentation on research and modeling of electric vehicle fee structures. We have folks joining us with Accretive Consulting and CDM Smith. We will give you a moment to get everything set up, but welcome. Whenever you are ready, you can begin.

Kami Dempsey, President, Accretive Consulting, LLC:

Good morning—checking to make sure it is still good morning. To my right, your left, is Travis Dunn, the traffic guru from CDM Smith—and we are consultants to NDOT, as you heard earlier. (Agenda Item VII)

It was already mentioned that in 2019—and also in 2021—there was—oh sorry, I skipped that. The agenda for today is the Advisory Working Group on Sustainable Transportation Funding, where we will talk a little bit about the legislation that brought us to the table. Then Travis will, of course, be going over the recommendations, the transportation funding tools, and electric vehicle fee structures, which you have already heard much about.

The Advisory Working Group was established by a piece of legislation in the 2021 Session that created a group of diverse individuals throughout the entire state to look at sustainable funding mechanisms—what we can change, the equitable use of those, and how it would be implemented. There was representatives from Growth and Infrastructure Committee members. We had former Senator Dallas Harris and also Assemblymember Danielle Monroe-Moreno, who were our legislative counterparts, but we also had a lot of the transportation organizations from North, South, and some of the regional groups, local labor, gaming interests, clean energy, tax policy experts, and, of course, even Indian tribes were included in that legislation. From there, we did meet throughout the end of 2021 and into 2022 Interim, where the group evaluated much of the opportunities that were available to us and looking at what CDM Smith was providing to us on a national basis of trends. With that, I will turn it over to Travis so he can talk to you about those recommendations.

Travis Dunn, Vice President, CDM Smith. Inc.:

Thank you, Kami. Good morning, Chair Watts and members. As Kami mentioned, the Advisory Working Group started its effort by laying out an objective, which in this case was long-term sustainable funding for transportation in Nevada. Then to guide that work,

six guiding principles, and we measured each of the potential revenue sources against the principles of:

- Sufficiency;
- User equity—meaning pay for what you use;
- Social equity;
- Flexibility to spend revenues on various modes of transportation, not just those restricted by the constitution to highway purposes;
- The ability to align revenue sources with the state's goals related to reducing emissions; and then finally
- The transparency of the mechanism itself and its ease of implementation and compliance by taxpayers.

A lot of mechanisms were examined by the Advisory Working Group. This is actually just a snapshot of the 25 that we did a medium-level analysis of. Like to think about the big ticket transportation funding mechanisms as fuel, vehicles, and usage. And then within each of those three categories, there is a lot of variations on how you can instrument a tax or a fee to generate funding. For example, there are a lot of different variables you can use to tax a vehicle—its weight, its value, its MPG, for example. So, all of these mechanisms were examined along with a category of miscellaneous or other mechanisms, some of which you heard about earlier today.

If you would like to read the full report, there is a QR code here. It is very lengthy—it goes through all the deliberations and analysis that the Working Group went through. There were four primary recommendations. I will go into a little bit of detail on number one and number three.

1. The first recommendation was to institute a mileage-based parity fee on zero-emission vehicles—meaning electric and plug-in hybrid electric vehicles.

2. And second is to work toward replacing the state fuel tax with a mileage-based parity fee for new vehicles by 2035.

3. Third—because those first two recommendations are long-term recommendations—for any revenue needs in the nearer term to focus on the existing revenue mechanisms the state already has—to increase tax rates from those existing sources.

4. And then fourth for the transportation agencies in Nevada to regularly assess their needs and communicate those needs to elected officials.

The concept of a mileage-based parity fee for zero-emission vehicles was actually broken down further into three steps:

1. The first was to start with a simple flat annual parity fee for zero-emission vehicles—and then as the DMV became capable to implement a mileage-based parity fee—because it became clear through the deliberations of the Working Group that they would not be ready to do it right away, it would take some time—so, using a flat fee in the meantime;

2. Then once a mileage-based fee became available, allowing customers to choose—as you have seen other states have done—between a flat fee or a mileage-based fee; and then

3. Finally, leveraging those odometer readings that DMV is already collecting as a way to help operate the program cost efficiently.

On recommendation number three, which was more about near-term potential revenue sources to address near-term needs, there were five recommendations, two of which the Legislature has since acted on. That very bottom one was enacted in 2023 when the Legislature directed 100 percent of the state's share of GST back to the State Highway Fund. And in 2025, of course, the Legislature gave the Clark County Commission the ability to extend Fuel Revenue Indexing in Clark County.

I will zip through the next section because you have seen these maps already. But I will start with a little bit of framing. Of course, the problem that has been articulated today by several presenters is declining fuel consumption because of increasing adoption of fuel efficient electric vehicles, as well as cost inflation on the cost side of the equation for transportation agencies. Nevada is the number four ranked state, or was in 2025, for new sales of electric vehicles—over 17 percent of the new vehicles sold through September. We expect a dip after that federal tax credit expired, but through September of last year, 17 percent of new cars sold here were electric. Also, about 4 percent of all cars on the road in Nevada are electric or plug-in hybrid electric.

This problem is not a surprise from a funding perspective; it was predicted decades ago. In fact, there were two federal commissions that looked at funding alternatives for the Federal Highway Trust Fund as early as 2007, and states have only really been experimenting with solutions to this problem of systemically-declining revenues for about a decade. You have seen and heard all the solutions talked about today. Forty-one states have increased their gas tax this century. Twenty-five index their state gas tax to inflation. Of course, Nevada has indexing for the Counties. Somewhere around ten—I have seen different numbers today—have electric vehicle charging station taxes. I will note here to some of the questions from earlier. Utah's is structured as a sales tax. The others are structured as an excise tax, and in some cases, it is paid directly by the customer. In some cases, it is paid by the utility. For example, in Montana, the utility pays the tax for all of the electricity that supplies a charging site. That would not include just the electricity going into the vehicle, but also the ancillary infrastructure, for example, the lighting at the charging location. Depending on how precise you want to get to taxing just the kilowatt hour going into the vehicle, there is different ways to structure this type of a tax. I will also note Pennsylvania had a kilowatt hour tax that was based on self-reporting. So, if you had an EV, you were supposed to file a tax return every month that declared how many kilowatt hours you used—pay a tax. Apparently, most people either did not know they were supposed to do that or chose not to, so Pennsylvania repealed that law in favor of a flat EV tax—which now we have 41 states with those EV fees, of which 33 also tax the plug-in hybrid electrics, and 17 or so also charge hybrids. The hybrids are always lower than the amount charged by the EVs; the amount by which it is lower depends on the state. Six of the 17 states have chosen a 50 percent discount. Lastly, of course, the four states that have been mentioned today that have per-mile road usage charge programs are Oregon, Utah, Virginia, and Hawaii. The fifth state, Vermont, will come online next January.

It was mentioned earlier—Utah is the one state on the map that has all four of these. It is interesting the legislative history that got Utah to where they are today. I will briefly contrast—in 2020, Virginia enacted a comprehensive piece of transportation funding reform

in their State Legislature that included indexing the gas tax, implementing electric vehicle fees, implementing MPG-based flat fees for any fuel efficient vehicle over 25 miles per gallon, indexing everything, and also offering a per-mile road usage charge—was one piece of comprehensive legislation. So, this could be seen as an attempt to address the sustainable funding challenge in one fell swoop.

By contrast, you see other states—Washington might be an example—where, because of the declining revenues, the funding is addressed every biennium through the budgetary process of increasing certain vehicle taxes or increasing the fuel tax a few pennies or coming up with new mechanisms, like those you have seen talked about today, like retail delivery fees. Utah, however, stands out, because it is an example where they have experimented over the last ten years with a variety of different mechanisms. And, really, what has emerged is a policy of indexing the fuel tax to inflation; imposing additional vehicle fees on EVs, hybrids, and plug-in hybrids and indexing all of the vehicle registration fees; imposing a sales tax on public EV charging; and then offering a per-mileage road usage charge as an option to those EV owners who do not wish to pay the flat fee.

I will finish with a little bit more detail on the EV fee structures. So, go back to this map. If you were to look at—just pick a state at random on this map—chances are it would have a round number, either end in a zero or a five. That is because it is not really scientific how these states have come up with the EV fee amounts. In fact, if you look at each state one-by-one and do the math of whether or not the EV fee that was chosen actually represents what the average gas vehicle pays in that state in state gas taxes, you will find that most states are a little bit off the mark. Go to the next slide.

About 18 of these states charge more in EV fees than what the equivalent vehicle that is gas powered—average gas vehicle—should be paying in state gas taxes, by an average of $50 more; 19 states charge less by an average of $66 less; and only 4 states did the math and charged an EV fee that equates to what the average vehicle in their state pays in state gas taxes.

I will zoom in a little bit and do just a brief case study on four of these. First is California, which, of course, is known for having one of the highest gas taxes in the country. A typical gas vehicle in California pays about $300 per year in State of California gas taxes. But when the EV surcharge was enacted in 2017, the number chosen was $100, and it was indexed to inflation, so today it is $118. Why did they choose $100 instead of $300? I really do not know the answer to that question. I think the legislative history would probably reveal a story. My guess is that when you are trying to get a policy like this started, they picked a small round number that was easy to work with. There are also some considerations about perhaps ensuring that the EVs would not be disadvantaged relative to, for example, a hybrid vehicle. A hybrid vehicle might pay a lot less than $300 in state gas taxes.

Texas is a contrasting choice. A typical vehicle in Texas pays a little over $100 in state gas taxes. Texas chose as its EV fee $200. The logic—the legislative history there is very clear; they were also capturing the portion of the federal gas tax that EVs are not paying in Texas. So, by capturing that and keeping that for the State Highway Fund in Texas, they ended up with a fee of $200.

Kentucky did the math, apparently. A typical gas vehicle in Kentucky pays about $126 in state gas taxes and, lo and behold, their EV fee is $126.

What would it look like for Nevada if you were to follow the Kentucky model of doing the math for an average vehicle? First, I want to point out there are many layers to the fuel tax in Nevada that most states do not have—so, it is more sophisticated here. But if you break it down component-by-component, the state gas tax—the portion that is imposed by the state—would generate in par amount for an electric vehicle about $108 in fee. The federal component equates to about $83. In Washoe County, the component—the Washoe County tax and the cumulative Fuel Revenue Indexing in Washoe County would generate about $284. In Clark County, it would be $163. For the other counties which either have 5 or 10 cents of county fuel tax, it would be between $23 or $45. So, for example a vehicle in Washoe, if you were to have an EV fee that captured all components of the gas tax that are paid in Washoe County—the state, the federal, and the county component—the average gas powered vehicle is paying about $475 in all-in fuel taxes. In Clark County, it is about $350.

Lastly, on the right-hand side, if you were to imagine imposing all of these components statewide, the revenue generated, we estimate, would be a little over $80 million in 2028, growing swiftly because of a few assumptions. First of all, we assume the fees would be indexed to inflation, like the fuel taxes. And second, we assume a fairly moderate rate of EV and hybrid vehicle adoption in Nevada. And thirdly, we assume that this fee would also be applied to hybrids with a 50 percent discount as other states have done. So, by 2050, this revenue mechanism would generate about $1.6 billion per year. If you can see the color split—a little less than half would be dedicated to the State Highway Fund—that is state portion—and the rest would be dedicated to the respective counties.

Thank you for your attention. We are happy to take any questions that you might have.

Chair Watts:

All right. Thank you very much for that presentation. We will open it up for questions. We will begin with Vice Chair Nguyen.

Vice Chair Nguyen:

Thank you for that presentation. You answered a bunch of the questions I had leading into it. When you talk about the increase in that, do you have a corresponding chart that shows the decrease in fuel tax that—is there something you can overlay with that? Do they offset each other, or how does that work? I am assuming the cars will also—in addition—we have seen it—they have become more efficient anyway, even if they are not hybrids or electric vehicles.

Mr. Dunn:

Thank you for the question, Senator Nguyen. We can certainly share that information with you. We do have forecasts of fuel tax receipts. It would be offset by a corresponding amount of what you saw in that chart and more because the fee assumption does not capture conventional vehicles that are growing more fuel efficient. For at least the next decade or so, most of the erosion in fuel tax is actually coming from improvements in vehicle fuel economy of conventional vehicles. So, capturing the electric vehicle portion and the hybrid vehicle portion solves that part of the problem—captures that portion of the fuel tax that is being eroded—but it does not necessarily address the share of revenue that is being lost as fuel efficiency, in general, improves.

Vice Chair Nguyen:

Do you have any concerns—like, what is a more—based on the study that you did—what is the more sustainable version? To go to vehicle miles traveled for all vehicles, transitioning to that, or to do this weird—as electric vehicles go up, it goes down? Is there any one that is more, I guess, sustainable?

Mr. Dunn:

Senator Nguyen, certainly there is a lot of policy choices before you. I think our analysis would suggest that if your objective is purely to offset the revenue, the flat fee approach and a per-mile fee approach would generate roughly the same revenue—provided you are applying them to the same classes of vehicles. So, from a revenue perspective, you can get there either pathway. The other considerations that might drive you to choose one over the other are some of those other guiding principles that the Working Group took into consideration—like user equity, ease of compliance, transparency—those sorts of factors. That might be the way to tilt the opinion in one direction or the other.

Vice Chair Nguyen:

When you—I am sorry, Chair, may I ask a couple of follow-ups? When you were taking into consideration some of those other models in other states that you were looking at, some of those states that I saw in there are just, right off the bat, I know, have more extensive public transit options. How does that work in our state if we are not having—I mean, we do not have those options, so I feel like we are very heavily reliant on vehicles at this point. So, I mean, was that any kind of consideration in the study? And then some of the determinations on, gosh, I guess, the sustainability of these funding mechanisms moving forward.

Mr. Dunn:

Perhaps I could ask you to clarify the question, but I think maybe it was about whether drivers have options besides driving to avoid these additional fees?

Vice Chair Nguyen:

I guess I am the—kind of, to a certain extent, it feels like we are comparing apples and oranges, because some of the other states that we are looking at do not have the same public transit infrastructure that we have in our state. I was wondering what kind of consideration these other states' models had in—or are you just presenting it, "This is the other state; this is what they have." In Oregon, for example—and I know if I go to Oregon, they have a light rail system everywhere. So, I am curious on that.

Mr. Dunn:

Maybe I will just use Oregon as a case study to provide an answer, and I am happy to follow up if I do not quite get it. Oregon does have an extensive light rail transit system in the Portland metropolitan area. It is primarily funded by local taxes in the Portland Metro, as well as a payroll tax that is assessed in the service area of the transit system. However, Oregon, like Nevada, has a constitutional provision that requires motor fuel taxes and vehicle fees to be dedicated strictly to highway purposes. So, none of these revenue mechanisms in Oregon are able to be flexed to transit purposes. In fact, that is the case for many of the states in the western U.S. So, the transit funding model that states have pursued actually is not a state model—it is a local model—so they rely on sales taxes or

local fees. Washington State is another example where a lot of the funding for the Seattle area transit comes from motor vehicle excise tax, which is similar to the GST in the service region of the transit provider. By contrast, the state funding is almost entirely for highways.

Vice Chair Nguyen:

Oh, no, I think that is helpful. I guess I am just curious is—let us say we were to add a light rail here in southern Nevada. You are still going to need the funding for those roads because whether or not there is 100 cars on that road or 100,000 cars on that road, you still need to build those roads out. I guess I was more—and I—and, yes, I am totally fleshing out my question in this rambling question/statement here. But I guess that is my concern—as we are looking at this—the cost of repairing our roads are going to continue to go up, despite increased public transit, like light rail, or EVs are more efficient. I am wondering which of these models—in your opinion—I guess, would allow us to increase the funding for roads that are going to be necessary no matter what.

Mr. Dunn:

I do not want to express an opinion per se, but I will add or offer that—

Vice Chair Nguyen:

What does the evidence show in your study? I guess.

Mr. Dunn:

I think for a highway system, it is one of those rare areas of a public good provided by government that is capable of being sustained more or less as an enterprise through user funding—whether that is vehicle fees, usage fees, fuel taxes, many states have tolls. In general, there is a tax principle called non-discrimination—where you want to tax at a level that generates enough revenue to pay for the service, but without disrupting the underlying economic activity that you are taxing. So, although fuel taxes and vehicle fees certainly give residents sticker shock, at times, as a proportion of the total cost of driving, taxes and fees is very low. It is less than 10 percent. So, it is possible to fund a highway system—putting aside transit—on the backs of the users, frankly, at a rate that is a very small percentage of the total cost of driving. And that allows you to segregate how you fund it from the General Fund, for example, that is funded by other resources that address other state priorities.

Vice Chair Nguyen:

Thank you for your patience, as I bumbled my way through that long statement and question. Thank you, Chair.

Chair Watts:

Thank you. There is a lot of options and a lot of complexity. I know one of the issues that was brought up is efficiency. There is a concept of being able to index for efficiency as well. But it is yet another factor that has to get built into—to formulas. But, I think, at a minimum, indexing to inflation is a longstanding practice for many different things, that helps at least ensure that inflation is not constantly eroding revenues. Without creating some indexing mechanism, it constantly comes back to decision-makers—whether that is elected officials or the voters—to have to affirmatively increase things to catch up. There is an alarming amount of failing to do that. The longer that we do not do that, the bigger a

jump we have to make, the more difficult that is for everybody to address. Again, I think that is kind of—I think the term *sticker shock* came up—that is a major issue. I do think that some of the states that have implemented some of these EV fees or charges have had them lower because of that issue of sticker shock. But again, without some sort of adjustment mechanism, they are going to be back in the same situation sooner rather than later. I think the one thing I would say is that while I appreciate your comments about the total cost of driving, again, we do have fairly large registration fees when you consider the GST, and I—while this is not the Revenue Committee—I do think it is important to note it is funding local government; it is funding education. Those are things that other states fund with an income tax. They have property tax systems that bring in adequate revenue to fund that. So, those are not costs that are then transferred onto a surcharge on vehicle registration. When people feel the pinch of that—the overall bill—the registration fee itself might be low, but there are reasons why the total sum is pretty high. Members, other questions? All right. Thank you very much for your presentation. We appreciate it.

Ms. Dempsey:

Thank you.

Chair Watts:

Thank you.

AGENDA ITEM VIII—PUBLIC COMMENT

Chair Watts:

Our last item on the agenda is public comment. I will just very quickly say as we close out, we heard about the substantial needs that our community has, about the desire that we are hearing from residents to improve our transportation system—both our roadways, our railways, our mass transit—and how the current system to bring in resources for that is not up to the task. We heard about a large range of options that we can look at to try and address that issue. It was mentioned some of the committees and studies that were brought forward since at least 2019, which is when I entered the Legislature. In 2019, I thought that those would lead to policy solutions within the next two years, and here we are today. We are—as we stated earlier—are running out of road to kick the can down, so it is absolutely time for us to take action. We are not going to solve this issue overnight, but we absolutely need to do something or else we are going to really severely degrade the quality of life for people across the state who depend on transportation to get to work, to get their groceries, to get to their health care, and to get home. We will be continuing to have conversations with the folks that presented today and others to figure out what is a next step. I think you have heard about electric vehicles quite a bit. So, we are going to be working to figure out what we can do to start getting us on a road to more sufficient funding for our transportation moving forward. Thank you all to everyone who presented today.

We will now move on to the last item on our agenda, which is public comment. Again, we will be limiting public comment to two minutes for anyone who would like to speak. Please come forward in Las Vegas, in Carson City, and if anyone would like to provide public comment by phone, please dial in now. We will start here in Las Vegas. Welcome back, sir.

Michael Covington, Resident, Las Vegas, Nevada:

Good afternoon, Chair, Committee. I have listened today as we have all talked about how tight the highway funds are, how flat the revenues are, and the struggle to cover the deferred maintenance without burdens on the taxpayers. Passenger rails along the I-15 could help that exact pressure. Studies show that 60 to 70 percent of new rail riders switch from driving their cars, meaning thousands fewer vehicles pounding on our pavements every day, fewer crashes to fix, and less immediate wear starting as soon as they launch. Cities adding rail lines see about 7 percent less congestion, on average, smoother traffic and trucks—for trucks and everyone else, cutting daily repair down, and delay costs right away. Over time, without good transit operation, peak hour delays can jump up to 47 percent in some corridors, piling on billions in extra road damages and maintenances we already cannot afford. Rails help prevent that spike, preventing what we have, and stretching every dollar longer. Look at the Bright Line West project. It is projected to move millions of cars from the I-15, reducing congestion and road strain without new taxes. Similar services north could bring statewide savings. With budgets as tight as they already are, why chase only new fees, when passenger rails pulling cars—or could be pulling cars off the highways, delivering quick relief on repairs today and real lasting savings for tomorrow. I would love to hear your thoughts on exploring the I-15 corridors. Thank you for your guys' time. Also, I did send in one more handout if you guys got that as well.

Chair Watts:

Thank you. We will make sure that gets distributed to all of the members. Thank you.

Mr. Covington:

Thank you.

Chair Watts:

Okay, seeing nobody else coming forward in Las Vegas at this time and seeing nobody in Carson City—AVH, would anyone like to provide public comment by phone?

AVH:

Chair, your public line is open and working, but you have no callers at this time.

Chair Watts:

All right. Thank you, members, that concludes our agenda for today. Our next meeting will be a joint meeting with the Committee on Natural Resources that will be on March 25th and will be focused on issues related to data centers. With that, thank you all for your time. This meeting is adjourned.

The following written public comment was submitted for inclusion in the record:

- Shane Dyer, Board, President, American Council of Engineering Companies, Nevada Chapter (Agenda Item VIII A);
- Ellie Waller, Resident, Douglas County, Nevada (Agenda Item VIII B); and
- Jackie Spicer, Coalition Coordinator, Nevada Environmental Justice Coalition (Agenda Item VIII C).

AGENDA ITEM IX—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:21 p.m.

Respectfully submitted,

_____

Terese Martinez
Research Policy Assistant

_____

Keely Latham
Senior Policy Analyst

APPROVED BY:

_____

Assemblymember Howard Watts, Chair

Date: _____

MEETING MATERIALS

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item II A	Michael Covington, Resident, Las Vegas, Nevada	Written Public Comment
Agenda Item II B	Kimberly Aughinbaugh, Resident, Nevada	Written Public Comment
Agenda Item III	Tracy Larkin-Thomason, Director, Nevada's Department of Transportation Tonya Laney , Director, Department of Motor Vehicles Kristi Defer, Deputy Director, Department of Public Safety	Microsoft PowerPoint Presentation
Agenda Item IV A	M.J. Maynard-Carey, Chief Executive Officer (CEO), Regional Transportation Commission (RTC) of Southern Nevada Angela Castro, Deputy CEO, RTC of Southern Nevada	Microsoft PowerPoint Presentation
Agenda Item IV B	Paul Nelson, Government Affairs Officer, RTC of Washoe County Michael Hillerby, Director of Legislative Affairs, Kaempfer Crowell	Microsoft PowerPoint Presentation
Agenda Item V	Douglas Shinkle, Director, Transportation Program, National Conference of State Legislatures (NCSL) Lexi Elio, Policy Specialist, NCSL	Microsoft PowerPoint Presentation
Agenda Item VI	Jill Tolles, Executive Director, Guinn Center for Policy Priorities Mark Krmpotic, Interim Director of Economic and Fiscal Policy, Guinn Center for Policy Priorities	Microsoft PowerPoint Presentation

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item VII	Kami Dempsey, President, Accretive Consulting, LLC Travis Dunn, Vice President, CDM Smith, Inc.	Microsoft PowerPoint Presentation
Agenda Item VIII A	Shane Dyer, Board President, American Council of Engineering Companies, Nevada Chapter	Written Public Comment
Agenda Item VIII B	Ellie Waller, Resident, Douglas County, Nevada	Written Public Comment
Agenda Item VIII C	Jackie Spicer, Coalition Coordinator, Nevada Environmental Justice Coalition	Written Public Comment

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