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AB423 Testimony
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The state's method of funding transportation infrastructure is no longer sufficient. There are key reasons for its decline.

- The only dedicated source of highway fund revenue is the state gas tax. It was last raised in 1992.
- The purchasing power of the revenue for road construction is about 40 percent of what it was in 1992.
- Vehicles have become more fuel-efficient and less reliant on fossil fuels. In 1992, a new passenger car in the US had an average fuel efficiency of 27.9 miles per gallon. In 2013, the same vehicle averaged 36 miles to the gallon. In 1992, Tesla, Prius and the other hybrid vehicles were not available.
- The state's population has grown from 1.41 million to more than 2.8 million and revenues cannot keep up with the needed highway capacity, especially in Southern Nevada.

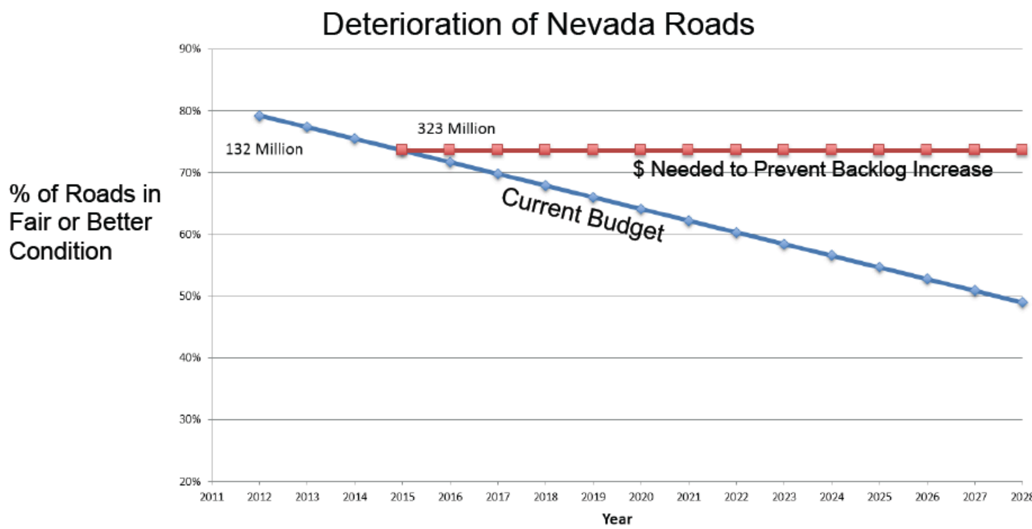
These factors have taxed our resources to the limit, leaving the state unable to deliver necessary projects we so desperately need. Nevada spent less on road construction in 2014 than in any other year in more than a decade. A long-term solution is needed.

NDOT Expenditures (In Millions)

Fiscal Year	Administrative & Support Services	Maintenance & Equipment	Construction & Engineering	Total
2003	40.1	74.5	393.6	508.2
2004	39.5	84.0	552.8	676.3
2005	36.4	86.4	571.5	694.3
2006	38.0	111.5	593.2	742.7
2007	42.9	118.8	665.4	827.1
2008	42.9	119.8	486.0	648.7
2009	41.7	136.4	594.3	772.4
2010	41.0	113.7	589.4	744.1
2011	44.1	111.7	651.4	807.2
2012	43.8	132.9	748.1	924.8
2013	40.5	113.8	506.7	661.0
2014	50.7	115.0	367.5	533.3

NDOT's February 2015 *Draft State Highway Preservation Report* highlights a $661 million backlog of preservation work in the state highway system. As this graph illustrates, 25 percent of our roads are in less than fair condition.

- **Pavement preservation backlog = $661 Million**
- **Annual amount to prevent backlog from growing = $323 Million**
- **Average annual amount budgeted over next five years = $132 Million**



Just to prevent the backlog from growing, the state needs to invest $323 million PER YEAR toward deteriorating roads. A mere $132 million per year is currently budgeted. According to NDOT, the amount of road miles in need of overlay or major repairs is similar to the state's worst year on the books – 1987. Here is a photo of a road in less than fair condition.

If we do not increase spending, by 2028, more than half our roads will look like that or worse.

In addition to pavement and bridge preservation work, several projects throughout the state are needed but **cannot be built without additional funding**. NDOT has identified billions of dollars' worth of needed road projects that do not have a sufficient funding source. For example, the 215/I-15 system to system interchange project will cost $75 million that NDOT does not have. Widening I-15 N from Speedway Blvd. to Apex Interchange from 4 to 6 lanes will cost $95 million that NDOT will be on the drawing board until funds are identified. There are several more all over the state.

To make matters worse, the highway fund is consistently raided to plug holes in the general fund budget. During this legislative session alone 4 bills (SB502, SB467, SB468 and SB470) all propose to take money from the highway fund to use for other expenditures.

An additional source of revenue for highways was identified in 2009. The legislature modified the depreciation schedule of motor vehicles to generate revenue to supplement the fuel tax. The legislature also identified DMV fees and fines as a revenue source for the highway fund. Combined, these generate almost $100 million per year. Unfortunately, this new revenue has been **directed to the state general fund** as part of the sunset taxes to balance the budget. SB483, this session's sunset bill, will continue divert that money to the general fund through 2017.

Nationwide, state and local governments are looking for new ways to fund roads. Other states are looking at ideas such as user fees, toll roads, auto sales and other ideas. Locally, Nevada communities have worked to address funding issues. In 2008, Washoe County passed RTC 5, authorizing the County to index fuel taxes with inflation. In 2013, Clark County did the same. This approach has helped to fund regionally significant projects in both counties but **nothing has been done** to address the 5,393 centerline miles NDOT is responsible for.

AB423 is the first step in addressing our state's transportation infrastructure funding issues. The bill creates the Legislative Committee on Transportation Infrastructure and Funding. The committee will review mechanisms to pay for transportation infrastructure in this state.

Commissioning a study to evaluate new mechanisms to pay for transportation projects in Nevada is long overdue. Our highway fund is on life support. We cannot afford to wait any longer to address our needs. This commission would report biannually to the legislature after consultation with industry experts and organizations. The recommendations made by this committee will be vital to the future growth of our state. Moving our commerce, continuing to attract new businesses and diversifying our economy all depend on our infrastructure. AB423 helps ensure Nevada can be a vibrant state.

I would like to request that this committee consider amending the bill to grant the interim study committee bill draft authority. Having another study committee report, possibly destined to be filed on the shelf, is not enough.