

STUDY OF THE FEES AND TAXES WHICH PRODUCE  
REVENUE FOR THE CONSTRUCTION AND  
MAINTENANCE OF THE HIGHWAYS



*Bulletin No. 87-23*

LEGISLATIVE COMMISSION  
OF THE  
LEGISLATIVE COUNSEL BUREAU  
STATE OF NEVADA

August 1986



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Assembly Concurrent Resolution No. 36—Committee on Transportation

FILE NUMBER 100

ASSEMBLY CONCURRENT RESOLUTION—Directing the legislative commission to study the fees and taxes which produce revenue for the construction and maintenance of the highways.

WHEREAS, The existence of a safe and efficient system of highways within the State of Nevada is essential to the economy and general welfare of the state; and

WHEREAS, The constitution of the State of Nevada provides that the proceeds from any tax or fee related to the operation of a motor vehicle and the proceeds of any excise tax on fuel for motor vehicles must be used for the construction and maintenance of the highways of this state; and

WHEREAS, The provisions which impose the taxes and fees that currently produce the revenues for such construction and maintenance are complicated, difficult to administer and often confusing to the person who must pay them; and

WHEREAS, It is impossible to determine without comprehensive study whether those taxes and fees are adequate to ensure safe highways and whether they distribute the costs equitably among the users of the highways; now, therefore, be it

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, THE SENATE CONCURRING, That the legislative commission is hereby directed to conduct a study of the taxes and fees which produce the revenues for the construction and maintenance of the highways of this state; and be it further

RESOLVED, That the study include a review and evaluation of whether the taxes and fees are adequate to ensure safe highways and whether they distribute the costs equitably among the users of the highways; and be it further

RESOLVED, That the results of the study and any recommendations for legislation be reported to the 64th session of the legislature.





REPORT OF THE LEGISLATIVE COMMISSION  
TO THE MEMBERS OF THE 64TH SESSION OF THE NEVADA LEGISLATURE:

This report is submitted in compliance with Assembly Concurrent Resolution No. 36 which directs the legislative commission to study the fees and taxes which produce revenue for the construction and maintenance of the highways. The resolution requires that the study include a review and evaluation of whether the taxes and fees are adequate to ensure safe highways and whether they distribute the costs equitably among the users of the highways.

The legislative commission, under the auspices of the joint committee on taxation, appointed the following members to a subcommittee to conduct the study:

Senator Dean A. Rhoads, Chairman  
Assemblyman Art Rader, Vice Chairman  
Senator Bob L. Ryan  
Assemblyman Bob L. Kerns  
Assemblyman Robert E. Price

This report attempts to present clearly and succinctly the findings and recommendations of the subcommittee. A considerable amount of information was gathered in the course of the study. The data which bear directly upon recommendations are included either in the narrative or appendices. All supporting documents and minutes are available to any member from the fiscal analysis division of the legislative counsel bureau.

This report is transmitted to the members of the 1987 legislature for consideration and appropriate action.

Respectfully submitted,

Legislative Commission  
Legislative Counsel Bureau  
State of Nevada

Carson City, Nevada  
August 1986

\* \* \* \* \*

LEGISLATIVE COMMISSION

Assemblyman Louis W. Bergevin, Chairman

Senator James H. Bilbray	Assemblyman Bob L. Kerns
Senator Helen A. Foley	Assemblyman Robert M. Sader
Senator Lawrence E. Jacobsen	Assemblyman James W. Schofield
Senator Kenneth K. Redelsperger	Assemblyman Danny L. Thompson
Senator Sue Wagner	Assemblyman Barbara A. Zimmer



## SUMMARY OF RECOMMENDATIONS

This summary represents the major conclusions reached by the subcommittee. These conclusions are based upon (1) suggestions made to the subcommittee at public hearings by representatives from the public and private sector interested in the funding and safety of Nevada's roads and highways; (2) published information regarding the funding and safety of highways; and (3) the experience and knowledge of the members of the subcommittee.

The subcommittee recommends:

1. That the 1987 session of the Nevada legislature give serious consideration to the proposals of the Citizens Advisory Committee on Transportation to address the short and long-term needs of Nevada's highway system.

The Citizens Advisory Committee suggests that the 1987 legislature take the following actions:

- a. Amend the statutes to increase the tax on motor vehicle fuel by 3 cents per gallon on July 1, 1987, and by an additional 2 cents per gallon on July 1, 1988. This will provide additional revenue for highways of approximately \$14.5 million the first year and \$24.1 million the second year. (BDR 43-214)
- b. Amend the statutes to increase the tax on special fuel by 4 cents per gallon on July 1, 1987, and by an additional 3 cents per gallon on July 1, 1988. This will provide additional revenue for highways of approximately \$3.6 million the first year and \$6.3 million the second year. (BDR 43-214)
- c. Amend the statutes to increase the registration fee on vehicles which have a declared gross weight of at least 10,000 pounds to \$11 per 2,000 pounds on July 1, 1987, and to \$15 per 2,000 pounds on July 1, 1988. This will provide additional revenue for highways of approximately \$2.25 million the first year and \$5.25 million the second year. (BDR 43-214)
- d. Amend the statutes to increase the registration fee on other vehicles by \$2 per vehicle on July 1, 1988. This will provide additional revenue for highways of approximately \$1.6 million for fiscal year 1988-89. (BDR 43-214)

- e. Amend the statutes to allocate to the state highway fund a portion of the state sales and use tax on new and used motor vehicles that currently accrues to the state general fund. One-third of the revenue from this source will be allocated beginning on July 1, 1987, two-thirds will be allocated beginning on July 1, 1988, and the full amount will be allocated beginning on July 1, 1989. This will increase revenue to the state highway fund and decrease revenue to the state general fund by approximately \$5.7 million the first year, \$11.4 million the second year and \$17.1 million the third year. (BDR 32-213)
  - f. Increase the fees and taxes on motor vehicles to raise an additional \$14.55 million per year for highways during the 1989-91 biennium.
  - g. Amend the statutes to allocate 70 percent of the new revenue raised for highways to the state highway fund and the remaining 30 percent to local governments for locally maintained streets and roads. (BDR 43-214 and BDR 32-213)
  - h. Authorize a study to develop a long-range plan for the funding of highways. The study should include the development of mechanisms to increase highway revenues to keep pace with growth and inflation.
  - i. Create and provide funding for a committee comprised of citizens from various pursuits to advise in the development of a long-term plan for the funding of highways. (BDR 35-219)
  - j. Evaluate the possibility of lengthening the maturity period of bonds for highway construction to provide greater flexibility to state and local authorities to meet existing needs.
- 2. That a joint resolution be adopted to urge the Congress of the United States to remove transactions relating to the Highway Trust Fund from the unified budget of the Federal Government and to authorize the release of the money in the fund for the construction and maintenance of the nation's highways. (BDR 211)
  - 3. That the statutes be amended to create an interim legislative committee to review the need and sources of revenue for the construction and maintenance of highways in Nevada. The committee should continue in existence until a plan is established to meet the long-term needs of the highway system. (BDR 17-212)

REPORT TO THE 64TH SESSION OF THE NEVADA LEGISLATURE  
BY THE LEGISLATIVE COMMISSION'S SUBCOMMITTEE  
TO STUDY THE FEES AND TAXES WHICH PRODUCE  
REVENUE FOR THE CONSTRUCTION AND  
MAINTENANCE OF THE HIGHWAYS

I. INTRODUCTION

The 1985 session of the Nevada legislature adopted Assembly Concurrent Resolution No. 36 which instructs the legislative commission to study the fees and taxes which produce revenue for the construction and maintenance of the highways. The impetus for the study was the concerns raised during testimony on Senate Bill 382 (Chapter 579, Statutes of Nevada, 1985) which increased the fees and taxes for highways and shifted some of the burden to heavy vehicles. Among these concerns were whether the fees and taxes are adequate to ensure safe highways and whether they distribute the costs equitably among the users of the highways. These particular issues are the focal point of the A.C.R. 36 study.

The legislative commission appointed a five-member subcommittee to conduct the study. The subcommittee held five meetings:

1. October 21, 1985, in Carson City.
2. January 13, 1986, in Las Vegas.
3. April 14, 1986, in Reno.
4. June 27, 1986, in Carson City.
5. July 28, 1986, in Las Vegas.

At each of its meetings, the subcommittee received considerable testimony pertaining to highway funding and the needs of both state and local road departments. A list of the persons who testified before the subcommittee is included in the "Credits" section of this report.

II. October 21, 1985, Meeting

At its first meeting, the subcommittee heard from representatives of the Highway Users Federation, the Nevada department of transportation (DOT), the Nevada department of motor vehicles and public safety (DMV&PS), the Nevada Motor Transport Association, the Carson City department of public works and other interested groups.

The representative of the Highway Users Federation explained the efforts in Arizona to provide additional funding for highways of more than \$10 billion over a 20-year period. He said that it required the cooperation of the diverse elements in the private sector to have such a large package approved. He noted that part of the legislation (a 0.5% sales tax increase) requires voter approval to take effect in each of the counties.

The director of DOT estimated that the maintenance of state highways is currently \$359 million short of bringing the system to a standard that can be cost-effectively maintained. As shown in figure 1, this deficit is estimated to grow to more than \$900 million by 1997 without additional funding. The director also indicated that motor fuel taxes will have to be increased 1¢ per gallon at each session of the legislature to maintain the current condition of the roadways.

The subcommittee heard from the director of the DMV&PS regarding the registration and enforcement procedures initiated as a result of S.B. 382 which established a gross weight system for the registration of trucks. The director noted that the department will need about \$10 million in capital improvement projects over the next decade to provide services to a growing population.

The representative from the Nevada Motor Transport Association told the subcommittee that it is almost impossible to provide future funding for highways without resorting to revenue from general funding sources. He suggested that the legislature consider the use of revenues from the sales tax on motor vehicles and vehicle parts to help fund highway projects. He pointed out that virtually everyone is a beneficiary of a safe and efficient highway system and that funds to maintain such a system should not be limited solely to "user fees".

The deputy director of Carson City's public works department pointed out that local governments are also in need of additional funding for locally-maintained roads. He said that Carson City earmarks about \$900,000 per year for road preservation, but needs an additional \$2.5 million per year to keep the system well-maintained.

One other speaker suggested that Nevada needs to prepare a long-term master plan for its highways. Once this is developed, the legislature should develop a mechanism to meet the funding needs for the entire period of the plan. He felt that it was very disruptive to the transportation industry for the legislature to change the taxes and fees at each legislative session.

12-24-95

## PROJECTED FUNDS + ONE TIME ALLOC

STATE FDI = 0.02  
 Infl. Def = 324.10  
 Inflation Rate = 5.02 1.05  
 Revenue Growth = 5.02 1.05

## COSTS NECESSARY TO PRESERVE THE EXISTING SYSTEM

Based on the 1985 Faremont Management Report  
 Costs Shown in Millions of Dollars

Inflation Rate = 5.01  
 Revenue Growth = 5.01

## STATE FUNDS

F.Y. 86 = \$33.60  
 F.Y. 87 = \$36.09  
 F.Y. 88 = \$41.70  
 F.Y. 89 = \$43.79  
 F.Y. 90 = \$48.30  
 F.Y. 91 = \$50.72  
 F.Y. 92 = \$55.30  
 F.Y. 93 = \$59.06  
 F.Y. 94 = \$62.50  
 F.Y. 95 = \$65.63  
 F.Y. 96 = \$70.00  
 F.Y. 97 = \$73.59  
 F.Y. 98 = \$77.58  
 F.Y. 99 = \$81.96  
 F.Y. 00 = \$86.43

C

## FEDERAL FUNDS

F.Y. 86 = 24.43  
 F.Y. 87 = 24.92  
 F.Y. 88 = 24.92  
 F.Y. 89 = 24.92  
 F.Y. 90 = 27.34  
 F.Y. 91 = 29.77  
 F.Y. 92 = 29.77  
 F.Y. 93 = 29.77  
 F.Y. 94 = 29.77  
 F.Y. 95 = 29.77  
 F.Y. 96 = 31.26  
 F.Y. 97 = 31.26  
 F.Y. 98 = 31.26  
 F.Y. 99 = 31.26  
 F.Y. 00 = 31.26

## Resurfacing, Restoration and Rehabilitation Work (SR)

## Normal - Heavy Maintenance Work

	"A"	"B"	"C"	"D"	"E"	"F"	"G"		"H"	"I"	"J"	"K"		REVENUE GROWTH = 5%				INFLATION = 5%			
	Accum Deficit +	System Order Costs	Total SR Needs	State Funds	Fed Funds	Prop SR Expend	Accum Deficit		Norm Maint Costs	Backlog SR Maint Costs	Total Maint Needs	Prop Maint Expend	F.Y.	STATE FUNDS	ADDL STATE FUNDS	TOTAL STATE FUNDS	FED PROJECTED FUNDS	TOTAL 39 EXTENSIVE	ACCUM DEFICIT		
F.Y.	Infl.													F.Y.							
							324.10							86	\$33.60		\$33.60	24.43	\$58.03	\$259.08	
1986	340.31	58.99	399.30	15.80	24.43	40.23			11.67	6.13	17.80	17.80	1986	87	\$35.28	40.72	\$36.00	24.92	\$59.92	\$397.07	
							359.06						88	\$37.00	\$3.90	\$41.70	24.92	\$66.52	\$435.71		
1987	377.01	61.94	439.95	16.96	24.92	41.88			12.25	6.79	19.04	19.04	1987	89	\$43.79		\$43.79	24.92	\$59.71	\$479.92	
							397.07						90	\$45.97	62.33	\$48.30	27.34	\$75.64	\$522.08		
1988	416.92	65.04	481.96	21.33	24.92	46.25			12.87	7.50	20.37	20.37	1988	91	\$50.72		\$50.72	29.77	\$80.49	\$557.72	
							435.71						92	\$53.26	62.04	\$55.30	29.77	\$95.07	\$616.46		
1989	457.50	68.27	525.78	22.04	24.92	46.96			13.51	8.23	21.74	21.74	1989	93	\$58.06		\$58.06	29.77	\$87.83	\$679.53	
							478.82						94	\$60.96	61.54	\$62.50	29.77	\$92.27	\$729.85		
1990	502.76	71.70	574.47	25.07	27.34	52.41			14.10	9.05	23.23	23.23	1990	95	\$65.63		\$65.63	29.77	\$95.40	\$795.29	
							522.06						96	\$68.91	61.09	\$70.00	29.77	\$99.77	\$863.28		
1991	548.16	75.29	623.45	25.96	29.77	55.73			14.89	9.87	24.76	24.76	1991	97	\$73.50		\$73.50	31.26	\$104.76	\$938.85	
							567.72						98	\$77.17	\$360.41	\$437.58	31.26	\$165.64	\$1061.60		
1992	596.11	79.05	675.16	28.93	29.77	58.70			15.64	10.73	26.37	26.37	1992	99	\$81.96		\$81.96	31.26	\$170.72	\$1139.71	
							616.46						2000	\$102.43		\$102.43	31.26	\$513.69	\$1201.01		
1993	647.29	83.00	730.29	29.99	29.77	59.76			16.42	11.65	28.07	28.07	1993								
							670.53						1994								
1994	704.06	87.16	791.22	32.59	29.77	62.36			17.24	12.67	29.91	29.91	1994								
							720.86						1995								
1995	765.30	91.51	856.81	33.75	29.77	63.52			18.10	13.78	31.88	31.88	1995								
							793.29						1996								
1996	832.96	96.09	929.05	36.00	29.77	65.77			19.01	14.99	34.00	34.00	1996								
							863.28						1997								
1997	906.44	100.89	1007.34	37.22	31.26	68.48			19.96	16.32	36.28	36.28	1997								
							938.85						1998								
1998	985.80	105.94	1091.73	398.88	31.26	630.14			20.96	17.74	38.70	38.70	1998								
							661.60						1999								
1999	694.68	111.23	805.91	424.95	31.26	456.21			22.01	12.50	34.51	34.51	1999								
							349.71						2000								
2000	367.19	116.80	483.99	452.72	31.26	483.97			23.11	6.61	29.72	29.72	2000								
							60.01														

FIGURE 1

### III. January 13, 1986, Meeting

The second meeting of the subcommittee was primarily devoted to receiving testimony regarding the road construction and maintenance needs of local governments. According to the results of a survey of city and county governments shown in figure 2, local governments currently have deferred construction and maintenance needs of over \$373 million.

The subcommittee questioned why, as indicated in figure 2, that the maintenance cost per mile varies considerably between the local governments. One reason, according to the testimony, is that each entity's view of what constitutes maintenance can vary considerably. Also, some entities may be maintaining their roads in a less costly fashion because of budgetary limitations; however, this type of approach may be more expensive in the long run.

Many of the representatives of local governments told the subcommittee that they were hoping for voter approval of the 1¢ per gallon gasoline tax and the .25 percent sales tax to help finance some of their deferred maintenance projects. However, even with these additional sources of revenue, most felt that revenue would still be inadequate to meet existing needs. They pointed out that the major source of road funds--the gasoline tax--does not increase with growth and inflation.

Suggestions to the subcommittee for additional revenues included:

1. Mandating the imposition of the 4¢ optional county tax and allowing it to be used for maintenance as well as construction.
2. Mandating an additional 0.25 sales tax for local road maintenance.
3. Earmarking for road construction and maintenance the portion of the motor vehicle privilege tax currently going to schools. The loss of school funds is to be made up through an increase in property taxes.
4. Establishing a percentage tax on gasoline sales. This tax will result in an increase in revenues as prices rise.



JANUARY 03, 1986  
CITY/COUNTY

# LOCAL GOVERNMENT ROAD NEEDS

	ROADS MAINTAINED		BRIDGES MAINTAINED			BUDGET FOR FISCAL YEAR		DEFERRED	AVERAGE MAINTENANCE COST PER MILE PER YEAR		NOTATIONS
	PAVED MILES	UNPAVED ROADS	REINFORCED	STEEL	WOOD	ROAD MAINTENANCE	DEFERRED RD MAINTENANCE	CONSTRUCTION	UNPAVED ROADS	PAVED ROADS	

## CITY

BOULDER CITY	51	16	0	0	0	\$180,000.00	\$700,000.00	\$6,000,000.00	\$10,000.00	\$13,333.00	
CALIENTE	5	6.5	0	0	0	\$24,170.00	\$72,510.00	\$450,000.00	\$1,500.00	\$6,000.00	
CARLIN	9	4	0	0	0	\$20,000.00	\$80,000.00	\$800,000.00	\$4,000.00	\$9,000.00	
CARSON CITY	187	8	5	1	0	\$876,566.00	\$2,500,000.00	\$34,100,000.00	\$1,532.00	\$18,500.00	
ELKO	51	5	2	0	0	\$743,790.00	\$250,000.00	\$2,250,000.00	\$20.00	\$10,000.00	
ELY	30	0	0	0	0	\$146,622.00	\$0.00	\$10,000.00	\$0.00	\$2,500.00	
FALLON	30	11	1	0	0	\$278,000.00	\$153,000.00	\$1,250,000.00	\$5,000.00	\$15,000.00	
HENDERSON	117	147	2	0	0	\$739,639.00	\$8,000,000.00	\$32,000,000.00	\$4,206.89	\$2,992.00	
LAS VEGAS	612	70	0	1	0	\$3,692,247.00	\$1,600,000.00	\$5,800,000.00	\$2,357.14	\$2,451.00	
NORTH LAS VEGAS	242	100	12	3	0	\$769,600.00	\$400,000.00	\$6,734,000.00	\$807.00	\$4,500.00	
MESQUITE	8	0	2	0	0	\$19,200.00	\$15,000.00	\$140,000.00	-	UNSURE ?	
RENO	333	3	12	4	0	\$3,009,716.00	\$0.00	\$24,500,000.00	\$5,960.00	\$18,000.00	SIX MILLION BOND ISSUE NOT IN
SPARKS	140	0	6	0	2	\$1,300,000.00	\$500,000.00	\$20,000,000.00	N/A	\$17,500.00	
WELLS	7.06	7.6	0	0	0	\$65,586.00	\$20,000.00	\$3,750,000.00	\$1,000.00	\$14,667.00	
WINNEMUCCA	27	5	1	0	0	\$347,000.00	\$15,000.00	\$250,000.00	\$1,000.00	\$10,000.00	
YERINGTON	12.73	1.53	0	0	0	\$69,088.00	\$15,000.00	\$50,000.00	\$2,500.00	\$15,000.00	
TOTALS	1861.79	384.63	43	9	2	\$12,281,224.00	\$14,322,510.00	\$138,084,000.00			

## COUNTY

CHURCHILL COUNTY	115	424	3	9	1	\$686,476.00	\$120,000.00	\$1,820,000.00	\$116.00	\$35,000.00	
CLARK COUNTY	2900	600	42	0	0	\$6,990,000.00	\$7,300,000.00	\$23,300,000.00	\$2,539.00	\$47,000.00	FIGURED IN LANE MILES
CLARK COUNTY RTC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$105,559,000.00	N/A	N/A	
DOUGLAS COUNTY	80	100	6	1	1	\$700,000.00	\$500,000.00	\$9,425,000.00	\$1,064.00	\$7,662.00	
ELKO COUNTY	26.6	1100	0	0	56	\$1,141,971.00	NONE	N/A	\$74.53	\$362.72	
ESMERALDA COUNTY	30	350	0	0	0	\$241,565.00	\$0.00	\$44,000.00	\$150.00	\$1,000.00	
EUREKA COUNTY	58	1242	0	1	4	\$777,737.00	\$0.00	\$0.00	\$63.66	\$1,933.00	
HUMBOLDT COUNTY	200	3000	4	3	8	\$115,000.00	\$0.00	\$150,000.00	\$300.00	-	
LANDER COUNTY	45	893	1	21	2	\$650,415.00	\$525,050.00	\$3,091,200.00	\$852.00	\$2,000.00	
LINCOLN COUNTY	47	1700	1	0	4	\$290,000.00	\$230,000.00	\$500,000.00	\$1,000.00	\$25,000.00	
LYON COUNTY	131	310	8	1	2	\$1,434,579.00	\$393,000.00	\$0.00	\$10,000.00	\$15,000.00	
MINERAL COUNTY	50	237	0	2	0	\$251,363.00	\$200,000.00	\$800,000.00	\$25.00	\$50,000.00	
MYE COUNTY	248	2300	0	0	0	\$625,000.00	\$250,000.00	\$700,000.00	\$100.00	\$5,000.00	
PERSHING COUNTY	250	1200	0	0	6	\$546,072.00	\$300,000.00	\$750,000.00	\$2,000.00	\$7,000.00	
STOREY COUNTY	20	40	0	2	0	\$159,380.00	\$297,000.00	\$1,485,000.00	\$21,760.00	\$19,000.00	
WASHOE COUNTY	433	671	1	9	3	\$4,081,210.00	\$2,216,500.00	\$6,200,000.00	\$5,000.00	\$16,700.00	
WASHOE COUNTY RTC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$52,099,520.00	N/A	N/A	
WHITE PINE COUNTY	157	1370	2	0	1	\$425,000.00	\$1,100,000.00	\$2,150,000.00	\$146.75	\$4,750.00	
TOTALS	4790.6	15537	68	49	88	\$18,815,768.00	\$13,431,550.00	\$208,073,720.00			

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GRAND TOTALS	6652.39	15921.63	111	58	90	\$31,036,992.00	\$27,754,060.00	\$346,157,720.00			
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FIGURE 2

Other speakers felt that the legislature must develop alternative means for the local governments to raise revenue for roads. One alternative has been instituted in Fort Collins, Colorado. In that city, the road system is viewed as a utility and funded accordingly. Residents of Fort Collins are assessed a fee similar to a water and sewer fee based on their particular location and circumstances. The revenues from this fee are used to maintain the city's road system.

Finally, several speakers noted that it is best and, in the long-run, more cost efficient to begin preventative maintenance early in a road's life cycle. Otherwise, taxpayers will have to pay more taxes or experience more deteriorated roads in the future.

#### IV. April 14, 1986, Meeting

At its Reno meeting, the subcommittee heard additional testimony from representatives of local governments. Much of it covered the same issues as those raised at the previous meeting in Las Vegas. Generally, the subcommittee was advised that current revenue is inadequate to meet existing needs and that this could result in severe maintenance problems and additional taxes in the near future. The subcommittee also received information pertaining to the use of the optional levies in the various counties. Tables depicting the status of each optional levy and the revenues from local taxes in each county are included in appendix A of this report.

Figures 3, 4 and 5 on the following pages were presented to the subcommittee by the department of motor vehicles and public safety. The figures constitute a preliminary analysis of the revenue effects of the changes in registration fees and special fuel taxes provided by S.B. 382 of the 1985 session. Based upon one quarter of data, S.B. 382 resulted in an 11.7 percent increase in registration fees per vehicle. Also, motor carrier fees increased by 18.3 percent per vehicle. Based upon these partial figures, S.B. 382 is expected to increase registration and motor carrier fees by about \$7 million per year.

The subcommittee received testimony from a representative of the Nevada Taxpayers Association. He questioned the current administrative structure for the collection of fuel taxes and registration fees and offered recommendations to streamline these operations. His remarks are included in appendix B of this report.

FIGURE 3

4/10/86

REGISTRATION DIVISION  
SUMMARY OF INCREASED REGISTRATION FEE  
COLLECTIONS DUE TO  
EFFECT OF SB 382

Total Vehicles Registered: Jan - Mar 1985	215,677
Total Vehicles Registered: Jan - Mar 1986	220,886
% Increase - 2.42%	
Registration Fees Collected: Jan - Mar 1985	\$ 3,263,577
Registration Fees Collected: Jan - Mar 1986	<u>3,734,012</u>
Difference	\$ 470,435
% Increase	14.41%

Using percentage increase figures, the percentage portion of the monetary increase (\$470,435) due to fee increase is 11.99% [14.41% - 2.42%].

This means that 83.21% [11.99% / 14.41%] of the money increase is due to the increased registration fees provided for in SB 382.

\$ 470,435  
x 83.21%

\$ 391,449 for 3 months or

\$1,565,796 for the calendar year 1986

FIGURE 4  
Motor Carrier Division  
COMPARISON FIGURES  
SINCE SB382 WENT INTO EFFECT

	<u>3rd &amp; 4th Qtrs.1984</u>	<u>3rd &amp; 4th Qtrs.1985</u>		
<u>MILEAGE TAX</u>	@ \$ .0225	@ \$ .0325		
Miles Reported	135,012,622	144,078,676		
Amount Collected	\$ 3,037,784.	\$ 4,682,557.		
 <u>SPECIAL FUEL TAX (USE)</u>	@ \$.12 per gallon	@ \$.13 per gallon		
Gallons Reported	38,368,882	36,232,774		
Amount Collected	\$ 4,604,266.	\$ 4,710,261.		
 <u>SPECIAL FUEL (DEALERS)</u>	@ \$.12 per gallon	@ \$.13 per gallon		
Gallons Reported	5,793,133	5,928,151		
Amount Collected	\$ 695,176.	\$ 770,660.		
	 <u>1st Quarter 1985</u>	 <u>1st Quarter 1986</u>		
PRORATE REGISTRATION	\$ 696,606.	\$ 1,198,221.		
TEMPORARY REGISTRATION	\$ 84,385. (@ \$6.00)	\$ 116,999. (@ \$12.00)		
PRIVILEGE TAX	\$ 738,026.	\$ 921,619.		
TEMPORARY LICENSES	\$ 546,957. (@ \$6. to \$60.)	\$ 762,967. (@ \$10. to \$90.)		
UNLADEN WEIGHT LICENSING (Repealed - January 1, 1986)				
Fees collected 1985 - \$ 525,295.	Fees collected 1986 - \$ -0-			
	 <u>1984</u>	 <u>1985</u>		
	 <u>1st Qtr 1985</u>	 <u>1st Qtr 1986</u>		
TOTAL VEHICLES	200,830	220,100	180,999	182,958
	 <u>1984</u>	 <u>1985</u>		
TOTAL COLLECTIONS		\$ 26,852,662.		\$ 28,952,609

MOTOR CARRIER DIVISION  
PROJECTION  
(based on comparison of 1st Quarter 1985 and 1st Quarter 1986)

	<u>1st Qtr 1985</u>	<u>1st Qtr 1986</u>	<u>Approx. Increase</u>	<u>1985</u>	<u>Projected 1986</u>
MILEAGE TAX	\$ 1,448,055	\$ 2,220,558	54%	\$ 6,891,768	\$ 10,613,322
SPECIAL FUEL TAX (USE)	2,279,635	2,443,123	7%	9,108,827	9,746,444
SPECIAL FUEL TAX (DEALER)	339,564	367,387	8%	1,370,588	1,480,235
PRORATE REGISTRATION	696,606	1,198,221	72%	1,304,039	2,242,947
TEMPORARY REGISTRATION	414,513	572,027	38%	414,513	572,027
PRIVILEGE TAX	738,026	921,619	25%	1,317,348	1,646,685
TEMPORARY LICENSES	546,957	762,967	40%	2,667,446	3,734,424
OTHER CARRIER LICENSING	2,791,115	2,580,734	- 7%	5,878,633	4,707,710
TOTAL REVENUE	\$ 9,254,471	\$11,066,636	20%	\$28,953,162	

1986 PROJECTED TOTAL                      \$ 34,743,794

The subcommittee also heard testimony about the efforts of the Citizens Advisory Committee on Transportation from the deputy director of the DOT. He noted that the Citizens Committee was still analyzing information but had determined that the DOT needs about \$3 billion over the next 10 years. Currently only one-half of that amount is available from current sources of revenue. He submitted a report, included as appendix C, that briefly explains the Nevada highway system and its funding sources.

#### V. June 27, 1986, Meeting

The subcommittee's fourth meeting consisted mostly of receiving testimony regarding the preliminary proposals of the Citizens Advisory Committee on Transportation.

A speaker for the Citizens Committee explained their recommendations which included increasing fees and taxes for roads by almost \$69 million per year by the start of the 1989-91 biennium. He said that the additional revenues are to be split on a 70 percent-30 percent basis between state and local governments. One unique proposal is to use part and then all of the state sales tax revenue from the sale of new and used motor vehicles for highway projects.

Representatives from the Nevada Motor Transport Association, the department of transportation, the Nevada Association of Counties and the Nevada Division of the California AAA commended the work of the Citizens Committee. All were in agreement with the general goals of the proposal, although there was still disagreement about some of the specific recommendations. The disagreements centered around the share of the increases to be borne by the users of light and heavy vehicles. The witnesses indicated that the differences would be resolved through negotiations between the concerned parties.

A speaker from the Highway Users Federation suggested that the subcommittee propose a resolution similar to one adopted by the National Conference of State Legislatures (NCSL) to urge Congress to remove the Highway Trust Fund from the unified budget and, therefore, the effects of the Gramm-Rudman law.

The subcommittee requested that bills be drafted to conform to the specific recommendations of the Citizens Advisory Committee. These would be changed when the subcommittee received the final recommendation of the Citizens Committee.

The subcommittee also recommended that a resolution be drafted and presented to the 1987 legislature which conforms to the NCSL resolution.

Finally, the subcommittee recommended that a bill be drafted to create an ongoing interim committee that will have duties similar to the A.C.R. 36 subcommittee. The proposed committee will continue in existence until the legislature is able to adopt a long-term funding program for the state's roads and highways.

#### VI. July 28, 1986, Meeting

At its final meeting, the subcommittee received the final report of the Citizens Advisory Committee. It is included as appendix D of this report.

The recommendations in their proposal included specific increases in taxes and fees to cover the 1987-89 biennium. The increased taxes and fees are split roughly 64 percent for users of light vehicles and 36 percent for users of heavy vehicles. The recommendations of the Citizens Committee for later years were of a more general nature. The recommendations, however, won broad support from all those who testified before the subcommittee, including a speaker for the Nevada Taxpayers Association.

The subcommittee requested that the bill drafts be redone to conform to the specific proposals of the Citizens Advisory Committee. The subcommittee also formulated a proposal for an ongoing advisory committee along the lines suggested by the Citizens Committee.

The subcommittee did not have enough time to review the recommendations of the Citizens Committee. Also, the subcommittee believed that it is premature to make specific dollar recommendations to the 1987 legislature because the full effects of S.B. 382 will not be known until the legislature convenes. Therefore, the subcommittee did not endorse or reject the Citizens Committee proposal, but rather decided to recommend that their proposal be given a fair hearing by the 1987 legislature.

The subcommittee, after reviewing the drafts of the resolution to Congress and the bill to create an ongoing legislative committee, recommended that they be approved by the 1987 legislature.

#### VII. Other Issues

Several other issues of importance were discussed at the subcommittee meetings. These included:

1. The apparent unfair assessment of registration fees for light trucks that pull trailers which results from changes made by S.B. 382.

2. The Hay Decision which determined that Nevada's assessment of fees on interstate carriers was unconstitutional under certain circumstances.
3. Nevada's apparent lack of conformity with the national 21-year old drinking age which threatens the loss of federal highway funds.
4. The problems and increased costs to the state arising from premature pavement distress.

Although the subcommittee members were concerned about these problems, they concluded, after receiving testimony on them, that the problems were being adequately addressed through other channels. Therefore, no subcommittee action was taken.

#### VIII. Findings and Recommendations

This section represents the subcommittee's recommendations regarding the fees and taxes which produce revenue for construction and maintenance of highways.

##### A. Citizens Advisory Committee Proposal to Improve the Funding of Highways

Senate Bill 382 of the 1985 session increased the fees and taxes paid by users of Nevada's highways to raise additional revenue for highway construction and maintenance. The measure also shifted some of the burden to users of heavy vehicles. In recent years the legislature has also authorized local governments to enact, with voter approval, a 1¢ per gallon gasoline tax and a 0.25 percent sales tax for the construction and maintenance of local streets and roads. These measures, however, largely address only the short-term needs of the highway system. An equally important question is how to address the future needs of Nevada's highway system.

The subcommittee received considerable testimony from state and local officials and representatives of private groups pertaining to the existing and expected shortfalls in revenue for roads and highways. There were, however, very few suggestions offered to address these shortfalls.

The most specific proposal to address the funding of highways in Nevada was developed by the Citizens Advisory Committee on Transportation. Unfortunately, the proposal was presented too late for the subcommittee to thoroughly review and analyze the effect of each of the recommendations. Further, much of the information required to determine the actual dollars needed for highways will not be available until the legislature meets. The



subcommittee, therefore, is unable to endorse the specific recommendations of the Citizens Advisory Committee. Nevertheless, because the proposal has won support from a variety of groups interested in highway funding, the subcommittee believes that the recommendations may offer a solution to the funding problems and should be considered by the 1987 session of the Nevada legislature.

The subcommittee, therefore, recommends:

1. That the 1987 session of the Nevada legislature give serious consideration to the proposals of the Citizens Advisory Committee on Transportation to address the short and long-term needs of Nevada's highway system.

The Citizens Advisory Committee suggests that the 1987 legislature take the following actions:

- a. Amend the statutes to increase the tax on motor vehicle fuel by 3 cents per gallon on July 1, 1987, and by an additional 2 cents per gallon on July 1, 1988. This will provide additional revenue for highways of approximately \$14.5 million the first year and \$24.1 million the second year. (BDR 43-214)
- b. Amend the statutes to increase the tax on special fuel by 4 cents per gallon on July 1, 1987, and by an additional 3 cents per gallon on July 1, 1988. This will provide additional revenue for highways of approximately \$3.6 million the first year and \$6.3 million the second year. (BDR 43-214)
- c. Amend the statutes to increase the registration fee on vehicles which have a declared gross weight of at least 10,000 pounds to \$11 per 2,000 pounds on July 1, 1987, and to \$15 per 2,000 pounds on July 1, 1988. This will provide additional revenue for highways of approximately \$2.25 million the first year and \$5.25 million the second year. (BDR 43-214)
- d. Amend the statutes to increase the registration fee on other vehicles by \$2 per vehicle on July 1, 1988. This will provide additional revenue for highways of approximately \$1.6 million for fiscal year 1988-89. (BDR 43-214)

- e. Amend the statutes to allocate to the state highway fund a portion of the state sales and use tax on new and used motor vehicles that currently accrues to the state general fund. One-third of the revenue from this source will be allocated beginning on July 1, 1987, two-thirds will be allocated beginning on July 1, 1988, and the full amount will be allocated beginning on July 1, 1989. This will increase revenue to the state highway fund and decrease revenue to the state general fund by approximately \$5.7 million the first year, \$11.4 million the second year and \$17.1 million the third year. (BDR 32-213)
- f. Increase the fees and taxes on motor vehicles to raise an additional \$14.55 million per year for highways during the 1989-91 biennium.
- g. Amend the statutes to allocate 70 percent of the new revenue raised for highways to the state highway fund and the remaining 30 percent to local governments for locally maintained streets and roads. (BDR 43-214 and BDR 32-213)
- h. Authorize a study to develop a long-range plan for the funding of highways. The study should include the development of mechanisms to increase highway revenues to keep pace with growth and inflation.
- i. Create and provide funding for a committee comprised of citizens from various pursuits to advise in the development of a long-term plan for the funding of highways. (BDR 35-219)
- j. Evaluate the possibility of lengthening the maturity period of bonds for highway construction to provide greater flexibility to state and local authorities to meet existing needs.

**B. Urging Congress to Release Money from Highway Trust Fund**

The large federal budgetary deficit has prompted Congress to reduce expenditures from the Highway Trust Fund. In addition, the Gramm-Rudman law may mandate further reductions in spending on highways. However, these budgetary reductions are more cosmetic than real because money in the Highway Trust Fund may only be used for highway projects. Furthermore, these reductions do nothing to address the true causes of the budgetary deficit.

The National Conference of State Legislatures recently adopted a resolution urging Congress to eliminate this artificial means to balance the federal budget. The subcommittee believes that Nevada should follow the lead of NCSL.

The subcommittee recommends:

2. That a joint resolution be adopted to urge the Congress of the United States to remove transactions relating to the Highway Trust Fund from the unified budget of the Federal Government and to authorize the release of the money in the fund for the construction and maintenance of the nation's highways. (BDR 211)

C. Creation of Ongoing Interim Legislative Committee

The subcommittee believes it has played an important role in helping to derive a solution to address the long-term needs of Nevada's highway system. However, the subcommittee did not have complete information to work with because many provisions of S.B. 382 did not take effect until January 1, 1986. The subcommittee believes that its role should be continued at least until the legislature enacts a program to provide long-term funding of Nevada's highway system.

The subcommittee, therefore, recommends:

3. That the statutes be amended to create an interim legislative committee to review the need and sources of revenue for the construction and maintenance of highways in Nevada. The committee should continue in existence until a plan is established to meet the long-term needs of the highway system. (BDR 17-212)

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## IX. Credits

The following is a listing of the names, titles and affiliations of the persons who testified at each of the meetings of the subcommittee.

### Meeting No. 1

Anderson, Virgil  
Nevada Division of California AAA  
(Also testified at meetings 3 and 4)

Bennett, Hale  
Chief of Registration Division  
Nevada Department of Motor Vehicles and Public Safety

Capurro, Daryl  
Managing Director  
Nevada Motor Transport Association  
(Also testified at meetings 2, 3, 4 and 5)

Luce, Bob  
Regional Director  
Highway Users Federation  
(Also testified at meetings 3 and 4)

Perea, Barry  
President and General Manager  
Gray Line Tours of Southern Nevada

Ryan, Dale  
Deputy Director  
Carson City Department of Public Works  
(Also testified at meetings 2 and 3)

Shipman, Madelyn  
Deputy Attorney General  
Nevada Department of Transportation

Stone, Al  
Director  
Nevada Department of Transportation  
(Also testified at meeting 2)

Teglia, Wayne  
Director  
Nevada Department of Motor Vehicles and Public Safety

Meeting No. 2

Allredge, Melba  
Commission Chairman  
Churchill County

Bell, Jim  
City Engineer  
City of North Las Vegas

Buxton, William  
Director  
Clark County Regional Transportation Commission

Fillebrown, Paul  
Director  
Douglas County Department of Public Works

Garcia, Joe, Jr.  
Commissioner  
Nye County

Gubler, Laurnal  
Acting Director  
Clark County Department of Public Works

Hensley, Dick  
Private Citizen  
Boulder City

Lytle, Gordon  
Supervisor  
Lincoln County Road Department

Mankins, Pat  
Commissioner  
Nye County

Neighbors, Roy  
Administrator  
Nye County

Nunez, Gus  
Councilman  
City of Reno

Purrell, Jim  
Supervisor  
Lyon County Road Department

Reid, Millard  
City Engineer  
City of Reno

Reynolds, Terry  
City Manager  
City of Elko

Walker, Shirley  
Councilman  
City of Gabbs

Williams, Ray  
Supervisor  
Lander County Road Department

Williams, Tom  
Engineering Manager  
Washoe County Regional Transportation Commission

Meeting No.3

Dull, Garth  
Director  
Nevada Department of Transportation  
(Also testified at meetings 4 and 5)

Epps, Jon, Ph.D.  
Professor of Civil Engineering  
University of Nevada, Reno

Etcheverry, G.P.  
Executive Director  
Nevada League of Cities  
(Also testified at meeting 5)

Kinchloe, John  
Commission Vice Chairman  
Lander County

Lawson, David  
Assistant Chief of Registration Division  
Nevada Department of Motor Vehicles and Public Safety

Leavitt, Tom  
Councilman  
City of Mesquite

Nickson, Roy  
Executive Vice President  
Nevada Taxpayers Association  
(Also testified at meetings 4 and 5)

Richards, Wink  
Chief of Motor Carrier Division  
Nevada Department of Motor Vehicles and Public Safety

Meeting No. 4

Bilbao, Dan  
Chairman  
Citizens Advisory Committee on Transportation  
(Also testified at meeting 5)

Hadfield, Bob  
Executive Director  
Nevada Association of Counties  
(Also testified at meeting 5)

Hawke, Jim  
Chief of Energy and Community Development  
Nevada Office of Community Services

Midmore, Joe  
Lobbyist  
Washoe County Regional Transportation Commission

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## **X. APPENDICES**

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## APPENDIX A

### Status of and Revenue from Local Taxes for Roads

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Table 1

STATUS OF OPTIONAL GASOLINE TAXES BY COUNTY  
(APRIL 29, 1986)

	<u>Current Status of 1-4¢ Optional</u>	<u>Future Plans</u>	<u>1¢ Optional In Effect</u>	<u>Future Plans</u>	<u>1/4¢ Sales Taxes In Effect</u>	<u>Future Plans</u>
Carson City	4¢	N/A	No	Nov 1986 Ballot	No <sup>4</sup>	Nov 1986 Ballot
Churchill	2¢	None <sup>1</sup>	No	Oct 1986 Ballot	No	Sept 1986 Ballot
Clark	4¢	N/A	Yes	N/A	No	None
Douglas	2¢	To 1986 Referendum	No	(3)	No	Nov 1986 Ballot
Elko	2¢	None	No	Nov 1986 Ballot	No	None
Esmeralda	None	None	No	(3)	No	None
Eureka	None	None	No	Nov 1986 Ballot	No	None
Humboldt	4¢	N/A	No	Nov 1986 Ballot	No	None
Lander	2¢	None	No	(3)	No	None
Lincoln	2¢-4¢	To Optional Referendum in 1986	No	(3)	No	None
Lyon	None	None <sup>2</sup>	No	Nov 1986 Ballot	No	Nov 1986 Ballot
Mineral	2¢	None	No	(3)	No	None
Nye	4¢	N/A	No	(3)	Yes <sup>6</sup>	None
Pershing	4¢	N/A	No	June 1986 Ballot	No	June 1986 Ballot
Storey	None	None	No	(3)	No	None
Washoe	4¢	N/A	No	(3)	Yes <sup>5</sup>	None
White Pine	4¢	N/A	No	Nov 1986 Ballot	No	Sept 1986 Ballot

N/A = Not applicable

- <sup>1</sup> Additional 2¢ voted down at June 1983, election.
- <sup>2</sup> 4¢ voted down at 1984 election.
- <sup>3</sup> Assembly Bill 123 of 1985 Session requires adoption of ordinance imposing tax and submission to voters at November 1986, General Election, if tax not already in effect.
- <sup>4</sup> Voted down at 1985 special election.
- <sup>5</sup> Tax currently imposed for public transportation only.
- <sup>6</sup> Imposes 1/4¢ for Road Construction & Maintenance (effective 5/85).

Note: Only nine counties (Carson City, Churchill, Clark, Elko, Eureka, Humboldt, Pershing, and White Pine) responded to the LCB Survey.

Note: On 4/21/86, NACO conducted a telephone survey of the remaining eight counties (Nye, Mineral, Lander, Lincoln, Storey, Washoe, Esmeralda, and Douglas). After consultation with LCB and Nevada Department of Taxation, the above final results were verified.

**Total Distribution:**

(FY 1985) All Counties: \$37,817,668

**Summary for County Optional Tax Efforts:**

	(1) NRS 373.030 <u>1¢-4¢ Fuel Tax</u>	(2) NRS 365.192 Additional <u>1¢ Fuel Tax</u>	(3) NRS 377A.020 1/4¢ <u>Sales Tax</u>
Percentage of State Population Affected	95.5%	71%	36%
	(15 Counties)	(9 Counties)	(9 Counties)

TABLE 2: 3¢ STATE FUEL TAX REVENUES  
ALLOCATED TO LOCAL GOVERNMENTS UNDER  
NRS 365.190 AND NRS 365.180

	1-1/4¢ (NRS 365.180)		1-3/4¢ (NRS 365.190)		TOTAL 3¢ STATE FUEL TAX REVENUES (1-3/4¢ + 1-1/4¢) TO COUNTIES	
COUNTY	CALENDAR 1985	FIRST QUARTER 1986	CALENDAR 1985	FIRST QUARTER 1986	CALENDAR 1985	FIRST QUARTER 1986
Carson City	\$ 102,143	\$ 21,830	\$ 382,701	\$ 85,958	\$ 484,844	\$ 107,788
Churchill	187,225	40,001	129,574	27,882	316,799	67,883
Clark	2,279,576	482,409	4,482,930	1,108,436	6,762,506	1,590,845
Douglas	93,980	21,832	184,220	55,321	278,200	77,153
Elko	533,163	46,094	324,254	55,434	857,417	101,528
Esmeralda	104,284	24,367	13,495	2,638	117,779	27,005
Eureka	120,894	28,171	25,070	4,115	145,964	32,286
Humboldt	266,593	62,255	172,145	29,734	438,738	91,989
Lander	145,723	38,366	61,419	10,615	207,142	48,981
Lincoln	260,633	62,833	37,647	6,129	298,280	68,962
Lyon	124,332	30,113	171,613	34,880	295,945	64,993
Mineral	127,430	30,692	68,054	15,284	195,484	45,976
Nye	465,591	112,491	182,523	43,451	648,114	155,942
Pershing	181,340	43,578	72,778	11,231	254,118	54,809
Storey	15,926	3,908	3,476	517	19,402	4,425
Washoe	926,919	223,389	2,009,749	458,644	2,936,668	682,033
White Pine	290,150	70,359	116,371	23,346	406,521	93,705
TOTALS	\$ 6,225,902	\$ 1,342,688	\$ 8,438,019	\$ 1,973,615	\$14,663,921	\$ 3,316,303

**TABLE 3: OPTIONAL COUNTY FUEL & SALES TAX REVENUES  
RECEIVED BY COUNTIES DURING CALENDAR YEAR 1985 FOR TRANSPORTATION  
(NRS CHAPTERS 373.030, 365.192, 377A.020)**

COUNTY (CALENDAR 1985)	1¢ TO 4¢ MOTOR VEHICLE FUEL TAX (COUNTY OPTION - NRS 373.030)		ADDITIONAL 1¢ MOTOR VEHICLE FUEL TAX (REFERENDUM MANDATORY BY 11/86 - NRS 365.192)	1/4¢ SALES TAX FOR MASS TRANSIT AND/OR ROADS (NRS 377A.020)
	TAX RATE	AMOUNT		
Carson City	4¢	\$ 888,727	-0-	-0-
Churchill	2¢	153,628	-0-	-0-
Clark	4¢	10,442,973	\$ 2,185,523 (11 mos. only)	-0-
Douglas	2¢	213,662	-0-	-0-
Elko	2¢	380,922	-0-	-0-
Esmeralda	-0-	-0-	-0-	-0-
Eureka	-0-	-0-	-0-	-0-
Humboldt	4¢	390,734	-0-	-0-
Lander	2¢	72,045	-0-	-0-
Lincoln	-0-	-0-	-0-	-0-
Lyon	-0-	-0-	-0-	-0-
Mineral	2¢	78,899	-0-	-0-
Nye	4¢	426,581	-0-	-0- (\$125,552 Est. 5/86 thru 12/86)
Pershing	4¢	60,471	-0-	-0-
Storey	-0-	-0-	-0-	-0-
Washoe	4¢	4,451,688	-0-	4,908,142 (Est. Calen- dar 1985)
White Pine	4¢	215,686	-0-	-0-
ALL COUNTIES - CALENDAR 1985 TOTAL RECEIVED		\$17,776,016	\$ 2,185,523	\$ 4,908,142



**TABLE 4: UNREALIZED CALENDAR YEAR 1985 COUNTY OPTIONAL FUEL & SALES TAX REVENUES  
REMAINING AVAILABLE FOR TRANSPORTATION USES  
(UNDER NRS CHAPTERS 373.030, 373A.020 and 365.192)**

COUNTY	1¢ TO 4¢ MOTOR VEHICLE FUEL TAX (COUNTY OPTION - NRS 373.030) UNUSED PORTION		ADDITIONAL 1¢ MOTOR VEHICLE FUEL TAX (REFERENDUM MANDATES BY 11/86 ELECTION - NRS 365.192)	1/4¢ SALES TAX FOR MASS TRANSIT AND/OR ROADS (NRS 377A.020)
	TAX RATE	AMOUNT		
Carson City	-0-	-0-	\$ 222,182 (Estimated)	\$ 1,305,954 (Estimated)
Churchill	2¢	153,628	76,814 ( " )	197,690 ( " )
Clark	-0-	-0-	-0-	10,534,870 ( " )
Douglas	2¢	213,662	106,831 (Estimated)	551,153 ( " )
Elko	2¢	380,922	190,461 ( " )	470,745 ( " )
Esmeralda	4¢	32,578 (Estimated)	8,145 ( " )	21,812 ( " )
Eureka	4¢	63,511 ( " )	15,876 ( " )	61,089 ( " )
Humboldt	-0-	-0-	97,684 ( " )	224,518 ( " )
Lander 29.	2¢	72,045	36,023 ( " )	81,827 ( " )
Lincoln	4¢	88,199 (Estimated)	22,050 ( " )	23,514 ( " )
Lyon	4¢	402,496 ( " )	100,624 ( " )	133,409 ( " )
Mineral	2¢	78,899	39,450 ( " )	61,853 ( " )
Nye	-0-	-0-	106,645 ( " )	-0- (Beginning 5/1/85)
Pershing	-0-	-0-	41,587 ( " )	38,149 ( " )
Storey	4¢	8,216 (Estimated)	2,053 ( " )	22,821 ( " )
Washoe	-0-	-0-	1,112,922 ( " )	-0-
White Pine	-0-	-0-	53,921 ( " )	105,865 ( " )
TOTAL TAX REVENUES STILL AVAILABLE TO LOCAL GOVERNMENTS		\$1,494,156	\$2,233,168	\$13,835,269
GRAND TOTAL - ALL TAX REVENUES STILL AVAILABLE FOR TRANSPORTATION USES			\$17,562,593	



## **APPENDIX B**

**Testimony of Roy Nickson, Executive  
Vice President of the Nevada Taxpayers  
Association, to the Subcommittee on  
April 14, 1986, in Reno**



TALK FOR AN INTERIM LEGISLATIVE COMMITTEE  
STUDYING FEES AND TAXES WHICH PRODUCE REVENUE FOR THE HIGHWAYS - ACR 36  
MONDAY, APRIL 14, 1986 - RENO

CHAIRMAN RHOADS, SENATOR RYAN, ASSEMBLYMEN KADER, KERNS AND PRICE, I'M ROY NICKSON REPRESENTING THE NEVADA TAXPAYERS ASSOCIATION.

THAT PORTION OF ACR 36 WHICH STATES, "THE PROVISIONS WHICH IMPOSE THE TAXES AND FEES THAT CURRENTLY PRODUCE THE REVENUES FOR CONSTRUCTION AND MAINTENANCE ARE COMPLICATED, DIFFICULT TO ADMINISTER AND OFTEN CONFUSING TO THE PERSON WHO MUST PAY THEM" ECHOS A BELIEF OF MINE THAT GOES BACK TO THE 1969 SESSION OF THE LEGISLATURE.

I HAVE NEVER UNDERSTOOD THE LOGIC OF HAVING THE TAXES IMPOSED BY NRS CHAPTERS 365, 366 AND 373 ADMINISTERED BY TWO DIFFERENT STATE AGENCIES. THUS, I HAD URGED THE LEGISLATURE IN 1969 AND AGAIN IN 1981 TO CONSOLIDATE THE ADMINISTRATION AND COLLECTION OF THE STATE AND COUNTY GASOLINE TAXES AND THE SPECIAL FUEL TAXES IN ONE STATE AGENCY. NEEDLESS TO SAY I WAS UNSUCCESSFUL IN BOTH ATTEMPTS AND, TO EMPHASIZE THE GULF BETWEEN THE FUEL TAX AND THE SPECIAL FUEL TAX, I SEE THAT IN ITS CURRENT EDITION, THE LEGISLATIVE COUNSEL BUREAU'S STATUTE REVISER HAS EVEN SEPARATED CHAPTERS 365 AND 366 INTO TWO DIFFERENT VOLUMES.

IN ADDITION TO FUEL TAXES, CHAPTER 377A HAS NOW BEEN AMENDED TO INCLUDE A ONE-QUARTER PERCENT SALES TAX TO PROVIDE REVENUES FOR THE CONSTRUCTION OF PUBLIC ROADS THUS FURTHER COMPLICATING THE VARIOUS FUNDING SITUATIONS.

TO ADD TO THE FRUSTRATION OF THE TAXPAYERS, THE TAXES IMPOSED BY CHAPTER 365 ARE DUE ON OR BEFORE THE 25TH DAY OF EACH CALENDAR

MONTH WHILE THE TAXES IMPOSED BY CHAPTER 366 ARE DUE QUARTERLY ON OR BEFORE THE LAST DAY OF JANUARY, APRIL, JULY AND OCTOBER. ALSO, IF NOT PAID TIMELY THE DEALER OF SPECIAL FUELS IS SOCKED WITH AN IMMEDIATE TEN PERCENT PENALTY. NOT SO THE DEALER OF GASOLINE; HE HAS A PENALTY OF ONE PERCENT IF HE PAYS IT BEFORE THE END OF THE MONTH WHICH COULD BE THREE, FOUR, FIVE OR SIX DAYS. IF NOT PAID BY THE END OF THE MONTH THEN AN ADDITIONAL PENALTY OF FIVE PERCENT APPLIES.

EVEN THE LEVIES OF THE TAXES UNDER CHAPTER 365 ARE COMPLICATED. NRS 365.170 IMPOSES A TAX OF TEN CENTS PER GALLON EXCEPT ON PETROLEUM ETHANOL WHICH IS NINE CENTS AND JET FUEL WHICH IS ONE CENT. NRS 365.180 ADDS AN ADDITIONAL ONE-AND-A-QUARTER-CENT TAX. NRS 365.185 HEDGES A BIT AND TAKES UP ANY SLACK SHOULD THE FEDS REDUCE THEIR FOUR-CENT PER GALLON TAX UNDER 26USC4081. ~~CHAPTER~~ 365.190 AUTHORIZES ANOTHER ONE-AND-THREE-QUARTER-CENT "OPTIONAL" TAX FOR COUNTIES -- BUT WHAT AN OPTION -- COUNTY COMMISSIONERS HAD TO DECLINE THE TAX PRIOR TO JULY 1947 AND, IF THEY DID, THEY MUST REAFFIRM THAT DECISION TO DECLINE THE TAX EACH AND EVERY YEAR! NRS 365.192 AUTHORIZES A ONE-CENT PER GALLON LEVY IF APPROVED BY THE VOTERS.

IF ALL OF THIS DIDN'T "TAX", IF YOU'LL PARDON THE PUN, THE DEALERS AND THE ADMINISTRATORS BRAINS ENOUGH, HERE ARE SOME OF THE DISTRIBUTIONS UNDER CHAPTER 365: THE ONE-AND-A-QUARTER-CENT TAX THAT GOES TO THE COUNTIES IS SPLIT ONE-FOURTH IN PROPORTION TO TOTAL AREA OF THE COUNTY, ONE-FOURTH IN PROPORTION TO TOTAL POPULATION, ONE-FOURTH IN PROPORTION TO ROAD AND STREET MILEAGE --

BUT ONLY NON-FEDERAL AID PRIMARY ROADS AND ONE-FOURTH IN PROPORTION TO VEHICLE MILES OF TRAVEL ON NON-FEDERAL PRIMARY ROADS -- GOOD GRIEF!

ENOUGH OF MY COMPLAINTS ON THE COMPLICATIONS -- HERE ARE MY RECOMMENDATIONS FOR YOUR CONSIDERATION:

1. CONSOLIDATE THE ADMINISTRATION OF THE TAXES IMPOSED BY CHAPTERS 365, 366 AND 373 UNDER EITHER THE DEPARTMENT OF TAXATION OR THE DEPARTMENT OF MOTOR VEHICLES. PAROCHIALITY, I WOULD FAVOR THE DEPARTMENT OF TAXATION BUT ACHIEVING CONSOLIDATION IS THE IMPORTANT THING, NOT WHOSE TURF GETS HURT.
2. CONSOLIDATE THE BASIC RATE OF TAXES IMPOSED BY CHAPTER 365 TO 13-CENTS FOR MOTOR VEHICLE FUEL OTHER THAN PETROLEUM ETHANOL AND MAKE IT MANDATORY STATEWIDE. SET PETROLEUM ETHANOL AT A RATE OF 12-CENTS IF YOU BELIEVE THAT THAT IS IMPORTANT -- I DON'T.
3. ISOLATE THE JET FUEL TAX TO A SEPARATE STATUTORY SITE.
4. KEEP THE OPTIONAL LEVY IN CHAPTER 373 OF UP TO FOUR-CENTS PER GALLON BY EITHER COUNTY ORDINANCE OR BY VOTER DECISION. PROVIDE FOR AN ADDITIONAL ONE-CENT PER GALLON OPTIONAL TAX IF APPROVED BY THE ELECTORATE WHICH WOULD REPLACE THAT NOW AUTHORIZED BY NKS 365.192.
5. ALLOCATE SEVENTY-FIVE PERCENT OF THE 13-CENT LEVY TO THE STATE AND THE REMAINING TWENTY-FIVE PERCENT TO LOCAL GOVERNMENTS BASED ON A RATIO OF INDIVIDUAL ROAD AND STREET MILEAGE TO TOTAL MILEAGE OR THROUGH SOME OTHER MORE EQUITABLE

-4-

FORMULA WHICH MIGHT BE DEVELOPED BY THE DEPARTMENT OF TRANSPORTATION.

THANK YOU FOR THIS OPPORTUNITY TO APPEAR BEFORE YOU.

-oOo-

4/10/86



## **APPENDIX C**

### **The Nevada Highway Network - An Overview**



## THE NEVADA HIGHWAY NETWORK - AN OVERVIEW

### A. The System

The highway network in Nevada totals 51,118 miles. 5,284 miles (10%) are the responsibility of the Nevada Department of Transportation, and 45,834 (90%) are the responsibility of local entities - cities and counties.

The NDOT system consists of the following types of highways:

Interstate	-	539 miles
Primary	-	1,847 miles
Secondary	-	2,078 miles
Urban	-	242 miles
State Aid System	-	383 miles
Access/Frontage Road	-	<u>195 miles</u>
Totals	-	5,284 miles
Total Lane Miles		(12,743)

On the local system, 3,566 miles (NDOT estimate) are paved (7%) and 42,268 miles are gravel or dirt roads (83%). The great majority of local paved roads are residential side streets.

The NDOT systems carries 70% of all the traffic in the State, and 90-95% of all the heavy truck traffic in the State.

b. Existing User Fee Distribution and Rational

Highways in Nevada are overwhelmingly financed by user fees - that is, those that use the system (motorists), pay for the privilege of utilizing the system. Following is a brief description of these fees:

1. Gas Tax - The current State tax on motor vehicle fuel is 13¢ per gallon. Of this, 10¢ per gallon goes to the State Highway Fund, and 3¢ per gallon is remitted to cities and counties. The 3¢ distribution to local entities is:

1.25¢      One fourth in proportion to total area  
                 One fourth in proportion to population  
                 One fourth in proportion to road and street  
                 mileage  
                 One fourth in proportion to vehicle miles of  
                 travel

1.75¢      per gallon - remitted to the counties where  
                 it was sold, then to each town in that county  
                 based on total assessed property evaluation.

In addition, each county has the option of enacting a local option tax on gasoline from 1¢ to 5¢ per gallon.

2. Special Fuel Tax - This is a 13¢ per gallon fee on all special fuels (diesel), with the total collected deposited in the State Highway Fund.

3. Registration and License Fees - Every vehicle must be

registered annually, and the fees are based on the declared gross weight of the vehicle plus any trailing vehicles. For any vehicle that is declared at 5999 lbs. gross or under, the fee is \$15. from 6000 - 11,999 lbs. declared gross, the fees start at \$17 and cap at \$48. For vehicles 12,000 lbs. and over gross, the fees are \$48 plus \$8 per 2000 lbs. or fraction thereof with a cap of \$320. Trailers have a flat fee of \$6.00 from 0 - 999 lbs. gross, and \$12 for 1000 lbs. or more.

Interstate vehicles may pro-rate this fee; that is, they may multiply the percentage of Nevada miles to total miles traveled times the calculated registration fee.

Drivers license fees are \$10.00, renewable every four years.

These fees are deposited in the State Highway Fund with a remittance to counties for collection costs.

4. Highway Patrol - Emission Fees - Every vehicle registered

must pay a \$4 Highway Patrol Special Fee; vehicles in Washoe and Clark Counties are subject to emission control inspections. These fees are remitted in total to those programs.

5. PSC Fee - Interstate carriers must pay a \$4 fee to the Public Service Commission. It is deposited in the State Highway Fund, and after collection costs are deducted, it is remitted to the PSC.

6. Motor Carrier Fees - These are fees assessed on interstate carriers depending on their type and method of operations. They include:

Mileage - 3.25¢ per Nevada miles driven - plus and \$8 administrative fee.

Convoy Fees - \$10 temporary, or \$500 annual.

48 hr. Temporary license fee - \$10 to \$90, based on DGW.

48 Hr. Temporary registration Fee - \$12.

48 hr. Temporary special fuel permit - \$20.

Overweight Fees - \$30 per 1000 lbs. or fraction thereof over 80,000 lbs. for carriers 70 - 105 feet long.

All motor carrier fees are deposited in the State Highway Fund.

There are a number of distributions and appropriations that must be remitted from these user fees. The following figures are actual FY 1985 totals.

Gasoline: Total Revenues:	\$80,604,220
Less: Parks and Wildlife	( 840,663)
Petroleum Inspec. Fees	( 324,485)
Jet Fuel Tax	( 1,686,316)

County - 3¢/Gal..	(\$14,412,356)
County - Optional	(\$18,469,329)
Aviation	(\$ 429,229)
Civil Air Patrol	(\$ 30,000)
Administration	(\$ 115,173)
Refunds	<u>(\$ 770,732)</u>
Net to State Highway Fund:	\$43,525,937
(54% of total collected)	

It should be noted that \$32,881,685, or 40.8% of the total collected was remitted to counties.

DMV Revenues and disbursements for FY 1985 were:

Special Fuel	-	\$11,272,349
Registration	-	15,574,769
Pro-Rata Reg.	-	1,654,155
Motor Carrier Fees	-	12,597,495
Drivers License	-	3,507,438
PSC	-	120,516
Emission/Highway Patrol	-	<u>5,214,530</u>
Total	-	\$50,541,252

Less:

Emission/Highway Patrol	-	( 5,214,530)
Registration (collections)	-	( 138,379)
Service Fees	-	( 1,453,777)
Refunds	-	( 233,324)
PSC	-	( 680,000)

DMV	-	(19,154,931)
Attorney General	-	( 326,211)
Tax Commission	-	( 594,908)
Board of Examiners	-	<u>( 683,417)</u>

Net to State Highway Fund - \$22,061,775 or 43.6% of total revenues collected.

There is also a privilege tax on every vehicle at the time of registration, based on the original value and age of the vehicle. This is remitted to counties after deduction collection costs. In FY 1985, \$31,217,621 was collected, with \$29,603,663 remitted to counties of this remittance, about 36% is dedicated to education; the remaining 64% goes into the counties general fund.

Of the total user fees collected not including privilege tax, only 50.01% remains in the State Highway Fund. After salaries, administration and other costs, even less is available for highway construction and maintenance.

C. Needs Although we work closely with local entities, we cannot project their immediate needs.. NDOT's immediate needs for the period 1987-1996 are: \$3,043.8 million. This includes maintenance, rehabilitation, reconstruction and new construction. During this same period revenues are expected to be \$1,408.7 million. A comparison of



needs versus revenues result in an anticipated shortfall of \$1,635.1 million.

- D. Equity Any group contemplating user fee increases must be aware of the equity impacts, or fairness of those fees. Are the various vehicle classes paying their fair share, or are certain vehicles overpaying or underpaying their fair share?
- The NDOT prepared a Cost Allocation Study for the 1985 Nevada Legislature; we will prepare another study for the 1987 session.

That study found that heavy vehicles (those operating over 10,000 lbs.) were underpaying their fair share based on highway cost responsibility. That is, passenger cars, pickups and vans were subsidizing the heavier vehicles.

Thus, any proposed user fee increases on those type of fees that are primarily paid by light vehicles will only exacerbate the current inequity.

For the following user fees, here are NDOT's estimates of the total percentage of those fees that are paid by light vehicles:

Gas	92%
Diesel	10%
Registration/license	86.5%
Motor Carrier	0%
Privilege Fees	93%

For example, if a major increase in the gas tax was proposed, which is one of the major revenue producers, the brunt would be borne by light vehicles, and the current inequity would be increased.

- E. Summary Statement - The Nevada Department of Transportation, at present, does not have adequate funding to construct, maintain and preserve its highway network. Construction cost growth is exceeding revenue growth, creating a greater backlog. Our needs, as described above are extensive, and as this system carries the over-whelming majority of both total and truck traffic, it should take precedence in any plan to upgrade the highway network. The economic well being of Nevada is directly dependent on an adequate system of highways. A commitment to provide a level of funding for the NDOT highway system that will prevent further deterioration, and also address present and future needs, should be the highest of priorities for any decision making body. We cannot afford to delay that commitment any longer.

## **APPENDIX D**

### **Position Statement of the Citizens Advisory Committee to Study Nevada's Future Transportation Needs**



POSITION STATEMENT OF THE CITIZENS' ADVISORY COMMITTEE  
TO STUDY NEVADA'S FUTURE TRANSPORTATION NEEDS

It seems clear, from data presented to the committee, in spite of substantial revenue increases by the Legislature in recent years, Nevada's highway and transportation programs at the state and local level are not adequately funded.

There are a number of reasons for the present dilemma:

1. Revenue growth, including tax increases, has not kept pace with inflation. Using the construction cost index as a measure, the purchasing power of total state dollars presently available for transportation purposes is less than it was in 1970.
2. During the period 1955-1981, a period of unprecedented growth in the state's population, tax rates remained unchanged and the need for new highway facilities, except for the federally funded Interstate system was not addressed.
3. The energy crisis in the early 1970s changed, probably forever, the driving habits and the automobile preferences of the American people. The largest single revenue source of highway programs, the fuel tax, has shown very little growth since the 1970s. Even as the popularity of more fuel efficient cars has increased, traffic and truck traffic in particular has increased at an even higher rate.

The committee recognizes that in the foreseeable future, that is for at least the next 20 years, automobiles and trucks are likely to remain the primary mode of transportation for Nevada's citizens and commerce.

The state, then, must come to grips with the reality that its welfare and economic well-being are dependent on an adequate system of highways. Promotion of tourism and economic development are the acknowledged cornerstone of our state's diversification program. The key element to attracting business and tourism centers on an adequate system of streets and highways. To achieve such a system will require a long term commitment to provide a level of funding that will keep the existing system from deteriorating further and begin to address the present and future needs for new roadways. There are a number of approaches that could be used to reach this level of funding.

The fuel tax is one of the most equitable methods available for assessing users of roads and highways. Therefore, fuel taxes must play a pivotal role in any plans for the upgrading of our state and local road system.

Compared with other states, however, Nevada's tax rates on fuel, automobile registrations and heavy trucks and other road user taxes are very low. It's logical to look at taxes and fees in light of the ease and expense of collection and a system that distributes the burden equitably among those who use the highways.

We should remember, however, that those who use the highways are not the only beneficiaries. This is particularly true in Nevada. Virtually every commodity used or consumed in the state uses the highways at some point in its movement from producer to consumer. Because transportation plays such an important role in all our lives a broader base tax to support the highway system is not inappropriate, and should be considered.

The Citizens' Advisory Committee, a broadly based study group representing a variety of public and private concerns from all geographic areas of the state, worked in concert with state and local government, transportation and related industries. After 6 months of study, the committee recommends the following short and long range programs to address Nevada's highway transportation needs.

The need is critical.

#### SHORT TERM RECOMMENDATIONS TO COVER THE 1988-89 BIENNIUM:

##### State Highway Needs:

The Advisory Committee is mindful of federal highway funding in the role of construction and reconstruction of the Interstate system. The committee therefore concentrated its efforts on the state funding necessary to maintain the existing state and federal highway system in Nevada.

Based upon materials and information provided to and revised by this committee, we recommend additional funding in the amount of \$18.23 million and \$34.05 million in the first and second year of the next biennium.

### Local Highway Needs:

1. The Advisory Committee recognizes that local streets and highways constitute an integral part of the state's transportation system. Therefore, the committee recommends additional local funding in the amounts of \$7.81 million and \$14.59 million for 1988 and 1989, respectively.

### Recommended Funding Methods:

The total combined revenue required to fund state and local government in accordance with the foregoing recommendations is as follows:

#### 1988-1989 Biennium:

##### 1. FY 87-88

a. Increase gasoline tax 3 cents/gal	\$14.50 million
b. Increase diesel tax 4 cents/gal	\$ 3.60 million
c. Increase Registration Fee on HV \$11.00 per 2,000 lbs	\$ 2.25 million
d. Reallocation of 1/3 of the 34.79% of sales tax on new and used vehicles now going to the state general fund	<u>\$ 5.7 million</u>

TOTAL REVENUES: \$26.05 million

#### Expenditures:

State Highway	\$18.23 million
Local Highway	<u>\$ 7.81 million</u>

TOTAL EXPENDITURES \$26.05 million

##### 2. FY 88-89

a. Increase gasoline tax 2 cents/gal	\$24.1 million
b. Increase diesel tax 3 cents/gal	\$ 6.3 million
c. Vehicle registration fees to be increased by additional \$2 per vehicle	\$ 1.6 million
d. Increase registration fee on HV to \$15 per 2,000 lbs	\$ 5.25 million
e. Increase allocation to 2/3 of the 34.79% of sales tax now going to state general fund	<u>\$11.4 million</u>

TOTAL REVENUES: \$48.65 million

Expenditures:

State Highways	\$34.05 million
Local Highways	<u>\$14.59 million</u>
TOTAL EXPENDITURES:	\$48.65 million

Recommendation for Second Biennium:

The committee's long term recommendations outlined later in this report includes the suggestion of a long term overview study committee. In order for this committee to begin its work without the immediate pressure of funding decisions our committee has included a suggested funding plan for the 90-91 biennium. The committee recognizes the need to increase revenues to both state and local transportation budgets at that time.

1990-91 Biennium:

1. FY 89-90

TOTAL REVENUES:	\$68.9 million
TOTAL EXPENDITURES:	\$68.9 million

2. FY 90-91

The committee recommends the funding formula remain unchanged for the second year of the biennium in anticipation of recommendations coming from the overview committee mentioned above.

TOTAL REVENUES:	\$68.9 million
TOTAL EXPENDITURES:	\$68.9 million

The foregoing suggestions and recommendations are predicated upon the use of all new revenues being spent directly for the construction and maintenance of the state and local road networks. No monies are to be spent for administration, payroll, purchase of new facilities, nor equipment. None of these revenues shall be used in the general fund. All new monies shall be restricted solely to road and highway improvements.

All new revenues generated by the foregoing recommendations would be apportioned on a ratio of 70% to the state, 30% to local government. Beyond this initial ratio, the committee makes no recommendation concerning the further apportionment between cities and counties. The committee believes that this decision is best left to the Legislature based upon testimony to be received from the Nevada League of Cities and the Nevada Association of Counties.



It is essential, however, that counties and cities not exercising additional local fuel tax options now available should have limited access to the additional funding. An equitable distribution formula should be developed to ensure that large counties can be protected and small counties not be left out.

LONG TERM RECOMMENDATIONS TO ENSURE ADEQUATE HIGHWAY FUNDING FOR THE NEXT 10 YEAR PERIOD:

1. The need for preparation of a long range highway construction plan is of primary importance. The committee noted that the Nevada Department of Transportation has done an excellent job of forecasting the highway needs of the state for the next decade.

What is sorely lacking is a long range funding program to ensure that the state is able to meet those needs and maintain an efficient and safe system of highways.

The committee recognizes that a funding policy is set by the Legislature. We therefore strongly recommend that the 1987 Legislature fund a study to develop a specific plan including funding sources.

It is also felt that the plan should develop suggestions for triggering mechanisms in order to implement increases in revenues to keep pace with growth and inflation.

2. The Legislature should also authorize the formation of a permanent overview committee to act in an advisory capacity to the State Highway Board in the development of the funding plan. This overview committee should be comprised of a broad spectrum of citizens from the private sector with varied geographic representation supported by professional staff. The committee believes this study should be funded out of that portion of new revenues set aside for local highway programs in an amount not to exceed \$200,000 annually for staff, per diem, and direct committee expenses.
3. The committee strongly recommends the 1987 Legislature review present bonding authority for state and local governing bodies and should enact legislation to broaden long-term bonding abilities for highway construction. The committee recognizes that these increased funding levels would be much more effective with increased bonding flexibility.

## CONCLUSION:

The Citizens' Advisory Committee spent a great deal of time and resources in developing the foregoing recommendations to the Department of Transportation. As we delved into the massive volumes of data compiled by the state from local and national sources, we all came to the conclusion that state and local highway funding in Nevada is woefully inadequate. Both near term (1-3 years) and long term (4-10 years) construction and maintenance plans will remain largely unrealized under current regressive fiscal policies which make no allowances for expansion of resources to keep pace with growth and inflation.

The committee realizes that the magnitude of the problem far exceeds both the time available and our collective expertise to come up with a solution to such a massive dilemma. We did, however, develop a series of interim suggestions as an absolute minimum for the next two bienniums. The committee recommends funding increases totaling \$212.5 million for that period with \$148.75 going to state highways and the balance of \$63.75 million going to local governments.

The committee also recognizes that local government has not always been effective in implementing the local option gasoline taxes which have been made available through state law. We therefore also suggest the local governments be given an incentive to adopt those additional funding sources that are under their direct control. Supplemental funds might then be made available through a state-controlled source on the basis of the ratio of local optional taxes being used versus those available.

It must be emphasized that these recommendations only address the next two bienniums and that further study is warranted. The Legislature must be willing to recognize the need for a long-term funding plan. To that end, the committee recommends the Legislature authorize and fund a study to develop such a plan and that an overview committee be created to oversee the preparation of this study and prepare a comprehensive report complete with suggested language for implementation by the 1989 Legislature.

Dated: \_\_\_\_\_

CITIZENS' ADVISORY COMMITTEE MEMBERS:

\_\_\_\_\_  
DAN BILBAO

\_\_\_\_\_  
FATHER CAESER CAVIGLIA

\_\_\_\_\_  
JULIO COSTELLO

\_\_\_\_\_  
SALLY ETCHEBERRY

\_\_\_\_\_  
NORMA FINK

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DR. KENNY GUINN

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JOHN MADOLE

\_\_\_\_\_  
ED PEARCE

\_\_\_\_\_  
BARRY PEREA

\_\_\_\_\_  
ED RONDTHALER

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B. J. SELINDER

\_\_\_\_\_  
HAL SMITH

\_\_\_\_\_  
NEIL STEWART

\_\_\_\_\_  
DICK TAGGART

\_\_\_\_\_  
CLYDE TURNER

\_\_\_\_\_  
SAMMYE UGALDE

\_\_\_\_\_  
KAREN WILSON

REVENUE SOURCE	(MILLIONS) AMOUNT	(%) BV	(%) HV
FY87-88			
a. Increase Gas Tax 3¢:	\$14.50	90	10
b. Increase Diesel Tax 4¢:	3.60	10	90
c. Increase Regis. Fee on HV (10,000 GVW + up) to \$11 per 2,000 lbs. (Cap at \$440) (NOTE: \$1.5 Million Per 10¢) (\$.40 to \$.55):	2.25	-0-	100

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TOTAL	\$20.35 Million
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BV	
a. Gas =	\$13.05
b. Diesel =	\$ .36
<hr/> TOTAL \$13.41	

HV	
a. Gas =	\$1.45
b. Diesel =	\$3.24
c. Regis. =	\$2.25
<hr/> TOTAL \$6.94	

(100%) TOTAL:	65.9%
( 70%) SHF:	51.3%

(100%) TOTAL:	34.1%
( 70%) SHF:	48.7%

<u>REVENUE SOURCE</u>	(MILLION) <u>AMOUNT</u>	(%) <u>BV</u>	(%) <u>HV</u>
<u>FY88-89</u>			
a. Increase Gas Tax 2¢:	\$ 9.60	90	10
b. Increase Diesel Tax 3¢:	2.70	10	90
c. Increase Regis Fees on BV to \$17:	1.60	100	-0-
d. Increase Regis. Fees on HV to \$15 per 2,000 lbs. (Cap at \$600) (NOTE: \$1.5 Million per 10¢) (\$.55 to \$.75)	3.00	-0-	100
<u>TOTALS:</u>	<u>\$16.90 Million</u>		

BV

a. Gas =	\$ 8.64
b. Diesel =	\$ .27
c. Regis. =	\$ 1.60
<u>TOTAL:</u>	<u>\$10.51</u>

HV

a. Gas =	\$ .96
b. Diesel =	\$2.43
c. Regis. =	\$3.00
<u>TOTAL:</u>	<u>\$6.39</u>

(100%) TOTAL: 62.2%  
( 70%) SHF: 46.0%

(100%) TOTAL 37.8%  
( 70%) SHF: 54.0%

=====

2 YEAR TOTALS:  
\$37.25 Million

BV

(100%) TOTAL: 64.2%  
( 70%) SHF: 48.9%

HV

(100%) TOTAL: 35.8%  
(70%) SHF: 51.1%



## APPENDIX E

### Recommended Legislation

	<u>Page</u>
BDR 211. . . . Urges Congress to authorize release of money from Highway Trust Fund for construction and maintenance of highways . . . . .	61
BDR 17-212 . . Creates interim legislative committee to review need and sources of revenue for construction and maintenance of highways in Nevada . . . . .	62
BDR 32-213 . . Requires portion of revenue collected from sales and use tax to be deposited in the state highway fund. . . . .	65
BDR 43-214 . . Increases certain fees and taxes relating to motor vehicles . . . . .	67
BDR 35 219 <sup>e</sup> . . Creates advisory committee on highways . . .	73





SUMMARY---Urges Congress to authorize release of money from Highway Trust Fund for construction and maintenance of highways. (BDR 211)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

JOINT RESOLUTION---Urging Congress to authorize the release of money from the Highway Trust Fund for the construction and maintenance of highways.

WHEREAS, The Federal Aid Highway System consists of 835,000 miles and when combined with the city streets and county roads of this nation constitutes a network of 3.9 million miles; and

WHEREAS, This system is the single most important component in the nation's overall system of transportation; and

WHEREAS, The maintenance of this network of highways is essential for the economic well-being of the nation; and

WHEREAS, The completion of the Interstate System will produce many benefits for the American people by saving lives, fuel and time; and

WHEREAS, The construction and maintenance of the Federal Aid Highway System is funded from fees imposed on the users of highways and has no impact on the federal budget; and

WHEREAS, A substantial amount of the revenue collected from the users of highways is being held in the Highway Trust Fund as a means to balance the federal budget; and

WHEREAS, This revenue is essential for the construction and maintenance of the nation's system of highways; now, therefore, be it

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That the Legislature of the State of Nevada hereby opposes

the practice of withholding urgently needed revenue designated for highways as a means to balance the federal budget; and be it further

RESOLVED, That the Legislature urges the Congress of the United States to remove those transactions relating to the Highway Trust Fund from the unified budget of the Federal Government and authorize the release of the money in the fund for the construction and maintenance of the nation's system of highways; and be it further

RESOLVED, That copies of this resolution be transmitted by the ..... to the Vice President of the United States as presiding officer of the Senate, the Speaker of the House of Representatives and the members of the Nevada Congressional Delegation; and be it further

RESOLVED, That this resolution becomes effective upon passage and approval.

SUMMARY---Creates interim legislative committee to review need and sources of revenue for construction and maintenance of highways in Nevada.  
(BDR 17-212)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

AN ACT relating to highways; creating an interim legislative committee to review the need and sources of revenue for the construction and maintenance of highways in Nevada; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND  
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 218 of NRS is hereby amended by adding thereto a new section to read as follows:

1. There is hereby created an interim committee of the legislature to review the need and sources of revenue for the construction and maintenance of highways in Nevada.

2. The committee consists of:

(a) Two members of the senate from the majority political party, designated by the majority leader of the senate;

(b) One member of the senate from the minority political party, designated by the minority leader of the senate;

(c) Three members of the assembly from the majority political party, designated by the speaker of the assembly; and

(d) Two members of the assembly from the minority political party, designated by the minority leader of the assembly.

3. The members from the assembly shall select a chairman from among their number to serve for the period ending with the convening of each even-numbered regular

session of the legislature. The members from the senate shall select a chairman from among their number to serve during the next legislative interim, and the chairmanship alternates between the houses of the legislature according to this pattern.

4. The committee exists only when the legislature is not in regular or special session. The committee shall meet at the call of the chairman to review and evaluate the need and sources of revenue for the construction and maintenance of highways in Nevada.

5. The director of the legislative counsel bureau shall provide a secretary for the committee. Each member of the committee is entitled to receive the compensation provided for a majority of the members of the legislature during the first 60 days of the preceding regular session for each day or portion of a day during which he attends a committee meeting or is otherwise engaged in committee work plus the per diem allowance and travel expenses provided for state officers and employees generally.

SUMMARY---Requires portion of revenue collected from sales and use tax to be deposited in state highway fund. (BDR 32-213)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

AN ACT relating to the sales and use tax; requiring a portion of the revenue collected from the tax to be deposited in the state highway fund; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND  
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 372.780 is hereby amended to read as follows:

372.780 1. All fees, taxes, interest and penalties imposed and all amounts of tax required to be paid to the state under this chapter must be paid to the department in the form of remittances payable to the department.

2. The department shall determine that portion of the total amount paid to it pursuant to subsection 1 which is attributable to the tax collected on the sale of new and used motor vehicles and deposit one-third of that amount in the state treasury for credit to the state highway fund.

3. The department shall deposit the remainder of the payments in the state treasury to the credit of the sales and use tax account in the state general fund.

Sec. 2. NRS 372.780 is hereby amended to read as follows:

372.780 1. All fees, taxes, interest and penalties imposed and all amounts of tax required to be paid to the state under this chapter must be paid to the department in the form of remittances payable to the department.

2. The department shall determine that portion of the total amount paid to it pursuant to subsection 1 which is attributable to the tax collected on the sale of new and

used motor vehicles and deposit [one-third] two-thirds of that amount in the state treasury for credit to the state highway fund.

3. The department shall deposit the remainder of the payments in the state treasury to the credit of the sales and use tax account in the state general fund.

Sec. 3. NRS 372.780 is hereby amended to read as follows:

372.780 1. All fees, taxes, interest and penalties imposed and all amounts of tax required to be paid to the state under this chapter must be paid to the department in the form of remittances payable to the department.

2. The department shall determine that portion of the total amount paid to it pursuant to subsection 1 which is attributable to the tax collected on the sale of new and used motor vehicles and deposit [two-thirds of] that amount in the state treasury for credit to the state highway fund.

3. The department shall deposit the remainder of the payments in the state treasury to the credit of the sales and use tax account in the state general fund.

Sec. 4. 1. This section and section 1 of this act become effective on July 1, 1987.

2. Section 2 of this act becomes effective on July 1, 1988.

3. Section 3 of this act becomes effective on July 1, 1989.

SUMMARY---Increases certain fees and taxes relating to motor vehicles.  
(BDR 43-214)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

AN ACT relating to motor vehicles; increasing the fees for registration; increasing the motor vehicle fuel tax and special fuel tax; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND  
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 482.480 is hereby amended to read as follows:

482.480 There must be paid to the department for the registration, transfer or reinstatement of registration of motor vehicles, trailers and semitrailers, fees according to the following schedule:

1. For each stock passenger car and each reconstructed or specially constructed passenger car, regardless of weight or number of passenger capacity, a [registration fee of \$15.] fee for registration of \$17.

2. For every motorcycle, a [registration fee of \$15.] fee for registration of \$17.

3. For each transfer of registration the fee is \$6 in addition to any other fees.

4. For every motor vehicle there is an additional fee of \$4 for each registration, which must be accounted for in the highway patrol special fund which is hereby created as a special revenue fund and must be used only for the purposes specified in NRS 481.145.

5. To reinstate the registration of a motor vehicle suspended pursuant to NRS 485.383 the fee is \$100, which must be accounted for in the fund for verification of

insurance which is hereby created as a special revenue fund and must be used only for the purposes specified in NRS 485.383.

6. For every travel trailer, [the registration fee is \$15.] a fee for registration of \$17.

A vehicle which is registered without proration under this section is exempt from the provisions of NRS 706.516, 706.521 and 706.526.

Sec. 2. NRS 482.482 is hereby amended to read as follows:

482.482 In addition to any other applicable fee listed in NRS 482.480:

1. There must be paid to the department a fee of \$15 for the registration of every motortruck, truck tractor or bus which has a declared gross weight of less than 6,000 pounds.

2. There must be paid to the department for the registration of every motortruck, truck tractor or bus which has a declared gross weight of 6,000 pounds or more, fees according to the following schedule:

6,000 to and including 6,499.....	\$17
6,500 to and including 6,999.....	19
7,000 to and including 7,499.....	21
7,500 to and including 7,999.....	23
8,000 to and including 8,499.....	27
8,500 to and including 8,999.....	30
9,000 to and including 9,999.....	33
10,000 to and including 11,999.....	[48] <u>66</u>

For each additional increase of 2,000 pounds or fraction thereof, an additional fee of [~~\$8~~] \$11 must be charged. The maximum fee is [~~\$320.~~] \$440.

Sec. 3. NRS 482.482 is hereby amended to read as follows:

482.482 In addition to any other applicable fee listed in NRS 482.480:

1. There must be paid to the department a fee of [~~\$15~~] \$17 for the registration of



every motortruck, truck tractor or bus which has a declared gross weight of less than 6,000 pounds.

2. There must be paid to the department for the registration of every motortruck, truck tractor or bus which has a declared gross weight of 6,000 pounds or more, fees according to the following schedule:

6,000 to and including 6,499.....	[\$17]	<u>\$19</u>
6,500 to and including 6,999.....	[19]	<u>21</u>
7,000 to and including 7,499.....	[21]	<u>23</u>
7,500 to and including 7,999.....	[23]	<u>25</u>
8,000 to and including 8,499.....	[27]	<u>29</u>
8,500 to and including 8,999.....	[30]	<u>32</u>
9,000 to and including 9,999.....	[33]	<u>35</u>
10,000 to and including 11,999.....	[66]	<u>90</u>

For each additional increase of 2,000 pounds or fraction thereof, an additional fee of [~~\$11~~] \$15 must be charged. The maximum fee is [~~\$440.~~] \$600.

Sec. 4. NRS 365.170 is hereby amended to read as follows:

365.170        1. Every dealer shall, not later than the 25th day of each calendar month:

(a) Render to the department a statement of all motor vehicle fuel and fuel for jet or turbine-powered aircraft sold, distributed or used by him in the State of Nevada, as well as all such fuel sold, distributed or used in this state by a purchaser thereof upon which sale, distribution or use the dealer has assumed liability for the tax thereon under NRS 365.020, during the preceding calendar month; and

(b) Pay an excise tax [of:

(1) One cent per gallon on all] on:

(1) All fuel for jet or turbine-powered aircraft [;

(2) Nine cents per gallon on petroleum-ethanol mixture;] in the amount of 1 cent per gallon;

(2) Petroleum-ethanol mixture in the amount of 10.35 cents per gallon; and

(3) [Ten cents per gallon on all] All other motor vehicle fuel [,] in the amount of 11.35 cents per gallon,

so sold, distributed or used, in the manner and within the time prescribed in this chapter.

2. The department for good cause may extend for not to exceed 30 days the time for making any report or return required under this chapter. The extension may be granted at any time if:

(a) A request therefor has been filed with the department within or before the period for which the extension may be granted; and

(b) A remittance of the estimated tax is made when due.

3. Any report, return, remittance to cover a payment or claim for credit or refund required by this chapter which is transmitted through the United States mail shall be deemed filed or received by the department on the date shown by the post office cancellation mark stamped upon the envelope containing it, or on the date it was mailed if proof satisfactory to the department establishes that the document or remittance was timely deposited in the United States mail properly addressed to the department.

Sec. 5. NRS 365.170 is hereby amended to read as follows:

365.170 1. Every dealer shall, not later than the 25th day of each calendar month:

(a) Render to the department a statement of all motor vehicle fuel and fuel for jet or turbine-powered aircraft sold, distributed or used by him in the State of Nevada, as well as all such fuel sold, distributed or used in this state by a purchaser thereof

upon which sale, distribution or use the dealer has assumed liability for the tax thereon under NRS 365.020, during the preceding calendar month; and

(b) Pay an excise tax on:

(1) All fuel for jet or turbine-powered aircraft in the amount of 1 cent per gallon;

(2) Petroleum-ethanol mixture in the amount of [10.35] 11 cents per gallon; and

(3) All other motor vehicle fuel in the amount of [11.35] 12 cents per gallon,

so sold, distributed or used, in the manner and within the time prescribed in this chapter.

2. The department for good cause may extend for not to exceed 30 days the time for making any report or return required under this chapter. The extension may be granted at any time if:

(a) A request therefor has been filed with the department within or before the period for which the extension may be granted; and

(b) A remittance of the estimated tax is made when due.

3. Any report, return, remittance to cover a payment or claim for credit or refund required by this chapter which is transmitted through the United States mail shall be deemed filed or received by the department on the date shown by the post office cancellation mark stamped upon the envelope containing it, or on the date it was mailed if proof satisfactory to the department establishes that the document or remittance was timely deposited in the United States mail properly addressed to the department.

Sec. 6. NRS 365.180 is hereby amended to read as follows:

365.180 1. In addition to any other tax provided for in this chapter, there is hereby levied an excise tax of [1.25] 2.9 cents per gallon on all motor vehicle fuel.

2. This tax must be accounted for by each dealer and be collected in the manner provided in this chapter. The tax must be paid to the department and delivered by the department to the state treasurer.

Sec. 7. NRS 365.180 is hereby amended to read as follows:

365.180 1. In addition to any other tax provided for in this chapter, there is hereby levied an excise tax of [2.9] 4.25 cents per gallon on all motor vehicle fuel.

2. This tax must be accounted for by each dealer and be collected in the manner provided in this chapter. The tax must be paid to the department and delivered by the department to the state treasurer.

Sec. 8. NRS 366.190 is hereby amended to read as follows:

366.190 A tax is hereby imposed at the rate of [13] 17 cents per gallon on the sale or use of special fuels.

Sec. 9. NRS 366.190 is hereby amended to read as follows:

366.190 A tax is hereby imposed at the rate of [17] 20 cents per gallon on the sale or use of special fuels.

Sec. 10. 1. This section and sections 2, 4, 6 and 8 of this act become effective on July 1, 1987.

2. Sections 1, 3, 5, 7 and 9 of this act become effective on July 1, 1988.

SUMMARY---Creates advisory committee on highways. (BDR 35-219)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: Contains Appropriation.

AN ACT relating to highways; creating the advisory committee on highways; making an appropriation; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND  
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 408 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. 1. The advisory committee on highways, consisting of 11 members, is hereby created.

2. The governor shall appoint:

(a) Six members who are representatives of the general public;

(b) One member from a list of two nominees submitted by the board of directors of the Nevada Association of Counties; and

(c) One member from a list of two nominees submitted by the board of directors of the Nevada League of Cities.

The chairman of the senate standing committee which hears bills relating to transportation, the chairman of the assembly standing committee which hears bills relating to transportation and the director of the department of transportation are ex officio members of the committee.

3. The legislators who are members of the committee are entitled to receive the salary provided for a majority of the members of the legislature during the first 60 days of the preceding session for each day's attendance at a meeting of the committee.

4. The governor shall designate one of the members representing the general public as chairman of the committee.

5. Any legislator who is a member of the committee and who is not a candidate for reelection or who is defeated for reelection continues to serve until the next session of the legislature convenes.

6. Vacancies on the committee must be filled in the same manner as original appointments.

Sec. 3. 1. The members of the committee shall meet at the call of the chairman or a majority of the committee.

2. The committee shall:

(a) Review and evaluate the need and sources of revenue for the construction and maintenance of highways in Nevada; and

(b) Submit a report of its findings and any recommended legislation to the legislature at the beginning of each regular session.

Sec. 4. The governor shall appoint the members of the committee qualified pursuant to paragraph (a) of subsection 1 of section 2 of this act for the following terms:

1. Two members whose terms expire on June 30, 1988;
2. Two members whose terms expire on June 30, 1989; and
3. Two members whose terms expire on June 30, 1990.

Sec. 5. 1. There is hereby appropriated from the state general fund to the advisory committee on highways the sum of \$100,000 for expenses incurred by the committee.

2. Any remaining balance of the appropriation made pursuant to subsection 1 must not be committed for expenditure after June 30, 1989, and reverts to the state general fund as soon as all payments of money committed have been made.