The joint meeting of the Assembly Transportation and Assembly Taxation Committees was called to order by Chairman Bob Price at 5:00 in the Auditorium of the Legislative Building, Carson City, Nevada.

TRANSPORATION MEMBERS PRESENT:

Assemblyman Price, Chairman
Assemblyman Polish, Vice Chairman
Assemblyman Beyer
Assemblyman DuBois
Assemblyman Glover
Assemblyman Mello
Assemblyman Prengaman
Assemblyman Schofield
Assemblyman Westall

MEMBERS ABSENT:

None

TAXATION MEMBERS PRESENT:

Assemblyman May, Chairman
Assemblyman Bergevin
Assemblyman Brady
Assemblyman Cafferata
Assemblyman Craddock
Assemblyman Marvel
Assemblyman Price
Assemblyman Rusk
Assemblyman Westall

MEMBERS ABSENT:

Assemblyman Coulter, Vice Chairman
Assemblyman Stewart

GUESTS PRESENT:

See attached guest list

SB 154, Increases and changes measure of tax on motor vehicle fuel and special fuel.

Senator Blakemore, Chairman of the Senate Transportation Committee, stated that his committee had initially processed this bill. He stated that he also was Chairman of the Interim Study on Highway Maintenance Program and that he became quite familiar with the problems of the Highway Department. One of the major problems has been the cost of asphalt. Asphalt is a petroleum product and it has gone up at a phenomenal rate. Five years ago it was $30.00 a ton and twenty-five years before that it was $11 and $12 or below per ton. In just the last few years it has jumped from $30.00 to the price quoted last week of $240 a ton. This is what has caused the major problem in the highway maintenance program. He stated that if the roads are allowed to continue to deteriorate the cost of rebuilding will be absolutely astronomical. That figure for the asphalt alone to repave just the existing road system has an astronomical impact. He stated that he supports this tax. He added that this was a difficult thing to do. He stated that had the legislature passed the 2¢ proposed last session they would have still had to come back in in this session and ask for at least 1¢. Because they didn't and because of the rise in the price of asphalt, if this bill were to pass the average price of tax on gasoline as determined by the sliding scale would be 3½¢ additional. He stated that he was not happy with increasing the gasoline tax or any tax. He stated that he also had to be realistic in looking at the roads and their condition.

Senator Blakemore pointed out that if they do not maintain the highways they are going to lose them and the estimate on most sections of the highway is that it will vary from three to five times the cost to replace instead of maintain. There is too much of an investment not to maintain the roads. He stated that he would recommend the sliding scale.

He pointed out that on page 10 of the bill they did earmark that these funds are specifically for maintenance.

In answer to Mr. May's question regarding the amendments, Senator Blakemore stated that some of the amendments came from the floor of the Senate and that the "kicker amendment on jumping the tax to 17¢ should there be a challenge" was not made by the Transportation Committee nor from the Taxation Committee but rather came on the floor by a Senator who felt that it was needed.

Mr. May inquired why on page 2 line 18, they were amending NRS 365.170 and on line 50, page 2 they were also amending the same NRS. He wondered why they needed both lines. Senator Blakemore stated that he did not know but it probably wasn't necessary.

Mr. Rusk stated that one of the concerns that has been expressed to him is the cap out at the 17½¢ if the worse happens and over the next year or 18 months the price of gas rose to $2.08 and the maximum tax was achieved, there would be more money then perhaps would be needed during that first year. He questioned if there was any reason for that and could they cap out the amount of increase that could be gotten in a year. Senator Blakemore stated that he felt that was a misconception of the bill by the people who read it. He stated that as the prices increased so would the price of asphalt. The two would normally track together. Any excess money generated would be consumed in the price of asphalt and other things that would go up.

Senator Blakemore stated that if this was enacted today the additional 3½¢ tax would bring the State of Nevada just to what Utah is today and that is the lowest in the west. There are two states that have a tax of at least 15¢ and that he would submit that this is a very reasonable entry level and a very low level.

Mr. Rusk inquired about what percent of the overall cost of road construction is asphalt. The Senator replied that it was about at the 75% level in some cases. He stated that it would depend on what specific section of road was being maintained.

Senator Keith Ashworth, Chairman of the Senate Taxation Committee, stated that his committee also processed this bill. He stated that this is the first year since he has been in the legislature that he has not served on Transportation. He stated that in past sessions he had recognized that the State of Nevada was getting sorely behind on the funds needed for highway maintenance and construction projects. There has not been an increase in the revenue into the Highway Fund since 1955. He added that he did not feel that they started to get into much trouble until the early 1970s. That is when they started getting behind. He also pointed out that in the past 20 years the Governor in office has pledged that there would be no new taxes. He stated that everyone would agree with that philosophy, however, four and two years ago he put in a bill which would have taken them off the per cents a gallon and moved it over to a sliding scale or a sales tax or whatever you want to call it. When he first did this the average price of gas was $.74 and at that time the argument dealt with what the average price of gas was and he had stated then that it really didn't matter what the average price was as the price was going to escalate anyway but that it was important to change the method of taxing so that it also could escalate with the rising cost of the price of gasoline. He stated that the price of gasoline has gone up and the consumption has gone down.

Senator K. Ashworth stated that there really wasn't a legislator who wanted to impose this tax on the people but if they are going to maintain the economy and roads in the State of Nevada they are going to have to "bite the bullet". He stated that the Senate did lower the caps to 17½¢, as it was at one time as high as 21½¢. He stated they also put an amendment in that if the tax itself would cause an increase the tax would stay in the lower bracket. In answer to questions raised about the "fail-safe clause" that was in the event the act was declared unconstitutional then the tax would be 17½¢. In answer to Mr. Rusk's previous question regarding the possibility of generating too much revenue, the Senator stated that if the price does go to $2.00 it might be a windfall for a short time but that at the price the consumption of gas will continue to go down and if they have to wait another 22 years the 17½¢ is not going to be too much. He stated that he had requested information about what the states around Nevada have. He presented copies of the information received from the Department of Transporation. This information is attached to these minutes as Exhibit A.

He stated that they are presently discussing the feasibility of removing the exemption off diesel fuel in the Senate Taxation Committee which would hit the railroad, mining, farming industry. They have just received testimony as to why they should not impose this tax. Senator Ashworth stated that he asked the person testifying why that particular railroad was building huge tanks for diesel fuel in Southern Nevada instead of some other place where there is plenty of petroleum and the answer was that there is a better tax advantage by transporting that fuel into Nevada. That shows that all the other states around here have a higher tax climate. Next to Texas, Nevada is the lowest in gasoline taxes of the United States. Texas is considerably lower but they tax at the well heads. Mr. Stone indicated to the Senate Committee that the Highway Department was pretty much cut to the bone and that this is the amount of money that would be necessary over the next 12 years to accomplish this maintenance. He concluded that he felt that the tax for transportation was sorely needed.

Mr. Marvel inquired if the Senator knew what the price of a gallon of gas was in California compared to Nevada. Senator Ashworth replied that he was not sure, but he did not feel that it was any cheaper than here.

Mr. Stone, Department of Transportation, stated that from the AAA report he thought it was $1.24 but based on tax information it would be $1.40.

In answer to the question of what it is in Nevada, Mr. Stone stated that since he has given testimony that he would only survey the lowest price of gasoline on the premise of the retail service station and the price of regular today is now $1.25

Mr. Price stated that there has been some concern from the industry on the way the tax is calculated on diesel and although they do pay their share of the road tax, it is not always recognizable by the public because they do not pay at the pump. He was wondering from past experience, had the legislature ever taken a look at taxing the diesel fuel at the pump. Senator Ashworth stated that diesel fuel not used in a interstate carrier is taxed at the pump. He added that they had revamped the formula in 1971 and Nevada was the forerunner of computerizing that formula for the pro-rated fuel tax coming through Nevada. Several other states have followed Nevada's lead.

Mr. Rusk inquired if there was a way to fairly come up with an accurate sliding scale price. He cited the problem of citing the average price in that in some stations there are six different prices on the pumps with a 40¢ differential in one community. Senator Ashworth stated that there had been much discussion on this point and when they stopped and considered it they felt that there was not going to be any advantage in the long run to try to play with this because if they get too high of an average and the price of gasoline isn't there they would have to wait for it to get there anyway. Mr. Stone has pledged that he will only take the lowest price at the pump.

Mr. Craddock inquired how the Department of Taxation got out of this obligation of taking care of the taxes on gasoline and how the Highway Department got involved. Senator Ashworth explained that it has always gone into the Highway Fund, the highway taxes and their enforcement is within the Highway Department and Department of Motor Vehicles. He could not remember when this was put into this Department.

Mr. Craddock wondered what the rationale was for it. Senator Ashworth stated that he felt that they were the best suited to enforcement, particularly with regard to the diesel and trucking industry. They are the best equipped to monitor this.

Mr. Brady inquired what the rational was behind putting the clause in the bill that this money could only be used for maintenance. Senator Ashworth explained that this came out of the the Senate Transportation Committee and they wanted to make sure that this revenue went just for the maintenance and wasn't used to build new barns, buildings, etc. He stated that he did not think it was a bad amendment in that was what they would be taxing the people for.

A. E. Stone, Director, Department of Transporation, spoke in support of the bill. A copy of the Staff Report of the Nevada Department of Transportation was distributed. A copy is attached to these minutes as Exhibit B. He stated that this is a very comprehensive study of the conditions of every mile of the existing highways in Nevada.

He stated that he would like to spend some time on the advantages and disadvantages of the sliding scale itself. He began by citing information from the Principles of Highway Finance, a copy of which is attached to these minutes as Exhibit C. He went over seven things that a sound highway finance measure should contain. These are found on the first page of the Exhibit. Mr. Stone explained each one and stated that he felt the Department had attempted to address each one.

He stated that he felt that what they were seeking would with luck adequately preserve their existing system. He stated that they cannot afford not to preserve the existing system because there is too much to lose. When they shift from the resurfacing to a reconstructing system the costs go up from 2 to 4½ times. Without adequate funding to preserve the existing system they are digging a hole that they will never be able to crawl out of.

Mr. Stone stated that if they eliminated existing inflation and the 10% deteriation of the highway each year, it would still take over two sessions of the legislature before they could even meet the back log in preserving the system. It would be that long before he could cost-effectively maintain the system and wisely spend the taxpayers money.

Mr. Stone stated that the sliding scale changes nothing as far as administration in that it acts exactly as a flat cent tax on a gallon. It can go up or down each quarter but as far as the administration of the sliding scale, nothing changes.

The present worth of the existing system of highways is around $10,000,000. The payment structure on the existing system is valued at $2,000,000,000. It took 60 years to build the system. The wearing surface of the system deteriorates in this state at a rate of about 11% a year. This means annually 11% of 4,966 miles must be resurfaced or reconstructed. This is over 500 miles a year. The cost of preserving this existing system is roughly 1 to 1 1/2% of the present worth of the payment structure each year. This is a little less than $30,000,000 at todays prices. The state system carries 66% of all traffic in this state. It carries 94% of all truck traffic in this state. The 94% of all truck traffic is a significant figure because trucks or weight is a major element in deteriorating the pavement surface of the highway system. Certainly the trucking industry pays a large share into the highway fund and the revenue increases requested in this session was specifically designed not to change the ratio of the piece of pie that goes into the state highway fund. Some of their problems come the crystal ball that they used in the late fifties and early sixties when they designed some of their major highways such as Interstate 80. It was designed to carry 8-10% trucks and today they have truck counts of 30-40%. There has been no decrease in total amount of traffic.

To add to their money problems, consumption of gasoline has declined since 1973. He presented a overview graph to show this. This is attached to these minutes as Exhibit D.

Mr. Stone stated that if gasoline were to go to $2.08 a gallon the state tax of 17 1/2% would represent 8.4% of the total cost. Twenty-seven years ago the percentage was too much, today it is 4 1/2% which is too little and a flat rate gives them feast or famine. The next slide, Exhibit E, demonstrates their backlog of repair which is 570 miles of overlay projects and 596 miles reconstruction projects. They have 2,529 miles of light to very heavy maintenance. With the necessary funds the system goes down each year and require the shift from heavy maintenance to overlay and then finally to reconstruct. Each level costs considerably more than the previous one. Each year without the overlay projects, with the 11% deterioration rate, they will keep moving from one category to the other and dig a hole that they will never be able to crawl out of.

The next slide, Exhibit F, gives the costs of their backlog in today's dollars, which is $227.1 million. It will take them 12 years to eliminate this backlog under this bill. With an annual rate of inflation of 12% and deterioration of 11%, if these two figures were 0 it would take two sessions of the legislature to catch up with this backlog. SB 154 protects with an annual report which requires that he report to the legislature what has happened during the last two years, where the money was spent, where they are on the twelve year schedule and what they propose to do for the upcoming two years.

The sliding scale is responsive to inflation and there is nothing new about a variable tax. 90% of the revenues that go into the general fund of this state are variable taxes. The sales tax, the gross revenue tax, entertainment tax, property tax, etc. all could be described as a sliding scale. He stated that he knows of no service provided to the public other than medical care that has been hit harder by inflation then transportation. The survey will be on the lowest price of gasoline on the premises and covers 60% of the total number of retail outlets in this state. 9 1/2¢ today doesn't mean 9½¢ to the state highway fund. It means 7.13¢; the other 2.37¢ goes to the county and cities. This is demonstrated in the next slide, Exhibit G.

The bill is also amended to allow the optional 1¢-4¢ per gallon for the RTC taxes. The sliding scale is designed to continue the existing method of collection. The retailer is not now nor will he be involved under the sliding scale in any way whatsoever. Previous testimony had stated that it would require the retailer to carry a float for the major oil companies. This is absolutely not true. The sliding scale changes nothing in the method of collection; it is the wholesaler and distributor that pay the tax as they bring the gasoline into the state.

Previous testimony indicated that Nevada stations would not be competitive with stations in ajoining states and this is not true. The sliding scale exists in California and is 7¢ per gallon plus 4 3/4% sales tax on top of that. At today's prices the state tax in California would be approximate 13½¢ compared to 9 ½¢ under SB 154. If gasoline went to $2.08 the tax in California would be a little over 19¢ where it would be 17½¢ in Nevada. There is no way where Nevada would ever be more under the sliding scale then the State of California.

The sliding scale increase is earmarked for the preservation of the system and in Mr. Stone's opinion there is no chance for windfall. The next slide, Exhibit H, demonstrates the cost of the overlay/Rehabilitation projects. The heavy black line is the total cost of an overlay project, including asphalt, materials, labor etc. Exhibit I demonstrates rise in liquid asphalt costs.

Mr. Stone stated that it takes about two weeks for an overlay type project to get from the drawing board on the ground. There can be no surplus of funds if they are to maintain and preserve the existing system. SB 154 represents only that part of the budget directly related to oil and oil and oil projects. It is designed for not too much and hopefully not to little.

Mrs. Westall inquired if the 6¢ currently levied was all the taxes on a gallon. Mr. Stone replied there was RTC tax that varies from 1¢ to 2¢ presently and under SB 154 could be an optional 1¢-4¢. He further explained that most of the counties have the 2¢ and that there are a couple that have 1¢ and a couple of that none.

In answer to Mrs. Westall's question regarding when the RTC 1¢-4¢ amendment, Mr. Stone stated that it was added on after the bill reached the floor of the Senate.

Mr. Price asked Mr. Stone to explain the various columns found on page 1 of the bill. Mr. Stone explained that Column A was a total amount column. Column B is the amount of the gasoline tax, not the RTC tax, which comes to the state highway fund. If the total tax was 9½¢, 7.13¢ would come to the state highway fund. This is to run the DOT budget but also takes care of all those that are in the state highway fund. Column C is the 1/2¢ that goes completely to the counties, based on a formula. This formula is 1/4 for population, 1/4 for area, 1/4 number of roads maintained by the county and 1/4 for the vehicle traffic.

Column D is a 1¢ that goes to the counties and incorporated cities based on the assessed value of real property that is divided among them.

Mr. May inquired if column B included 4½¢ for resurfacing of the special fund. Mr. Stone stated that this column comes into the state highway fund and they would subtract the 4½¢ as the law is written today from that and everything over that 4½¢ would apply to preservation of the existing system. The 4½¢ if the operating budget. This is what the department would presently use to match federal aid, to do other maintenance other than to maintain the surface of the highway itself, etc.

Mrs. Cafferata cited page 2, Section 3, and wondered what kind of staff would be needed. Mr. Stone stated that the department took a survey to see what it would take. This survey was by telephone; they covered 82% of all the service stations within the state. After taking the 82% they made a sight survey on 10% and found that the telephone survey was 100% correct. The entire survey cost the department $300. In addition, the department will not only survey the lowest price of gasoline on the premises, the survey also includes a weighting average of the amount of gasoline consumed in each county, the survey will also knock off the top 5%. It took approximately 5 hours for the department to do this and used one person in each of their 6 districts that did all the telephoning.

Mr. Brady inquired what specifically was resurfacing. Mr. Stone explained that resurfacing, reconstruction, maintenance covers everything except new construction. If they had a two lane highway it could not be made into a four lane highway under the restriction in the bill. He stated that this program is about 1/3 of their total budget. Approximately 40% of their total construction budget and they are still matching federal aid for new construction. This has amounted to $80-120 million a year.

Mr. Brady inquired if Mr. Stone liked the wording in the bill which would restrict this to maintenance only. Mr. Stone stated that it doesn't give the flexibility that he would like but the need is there and in order to maintain what they have it will take every penny of what is in SB 154.

Mr. Brady stated that as more people move in especially with possibility of MX, all the department would be able to do is resurface existing situations and there would be no way that they could alleviate problems that may arise. Mr. Stone stated that the backlog needs for preserving existing system alone are $227 million. When the twelve year program is finished they will have a backlog of new construction needs of close to $3 billion.

Mr. Stone stated that he has been able to maintain the system in Clark County that carries approximately 55% of the traffic in Clark County.

Mr. Brady inquired how much the department is asking from the federal government as impact money should the MX come. Mr. Stone replied that FY82 he is asking the federal government for $435 million. The money requested would cover approximately 10% of the state system. During the 4 to 6 years of construction of MX all he will have at the end of that period is just enough to break even.

Mr. Brady inquired if he would be opposed to removing the language that restricts the use of the money. Mr. Stone stated that he would appreciate the committees doing that.

Mr. Beyer referred to the increase in truck traffic and inquired if the federal government contributed to the maintenance of the interstate in relationship to this increased truck traffic. Mr. Stone stated that to come up with a fair share or redistribution of the costs would probably take a full two year study and is not one that he would recommend. The cost of the trucking industry are passed on to the consumer as well as the highway user. Look very closely before they tip the balance of what they are currently doing.

Mr. Beyer then inquired if the maintenance would be done by contracting out most of the work. Mr. Stone stated that 85% of all the money that this bill will generate will be by contract. The other 15% would be administration, engineering, plan preparation and possibly some of the heavy maintenance to take care of the system.

Mr. Beyer inquired how fast could they move into a maintenance program should this be passed. Mr. Stone stated that he would like to move as quickly as possible. This type of operation takes a very short period of time to get underway.

Mr. Craddock inquired if Mr. Stone felt that the state's ability to respond to MX related affect may have some impact on the federal impact aid that the state might receive. Mr. Stone remarked that he felt that department is in a much better position to respond to road building needs than the US Corps of Engineers. Mr. Craddock stated that the impact aid that they are looking for is what he was concerned about. Mr. Stone stated that they are tracking this very well and keeping right on top of the whole situation in protecting the transportation system of the State of Nevada.

Mr. Craddock stated that the point he was looking for was if the state doesn't have the ability or the latitude necessary to respond to the MX related needs then the feds would be more obligated to come in and take care of the needs that are associated with the MX project, such as highways. Mr. Stone replied that all he could say was the the military or the federal government has never taken care of maintenance of any form on a public highway system before.

What Mr. Stone stated he has been fighting for the last months is to make sure that the state gets sufficient funds up front so that he can still provide service to the citizens of this state during the construction of MX.

Mr. Craddock inquired what the Senate's rational for limiting the use of these taxes was. Mr. Stone stated that he would assume that it was to make sure that it was used for what it had been intended.

Mr. Price inquired if there were any hidden costs that would be tacked on before the average price is determined and the tax put on it. Mr. Stone stated that if this bill passes and he makes a survey and then send the notice quickly to the dealers or distributors stating the new tax rate. All gasoline that is brought into the state as of a set date will include the new tax rate. This will be paid to the Department of Taxation by the dealer or distributor. He would anticipate a 60 day notice. There would be no add on on a tax. He stated that the way the bill is written he could never again count an increase in the tax as part of the increase in the retail price of gasoline.

Mr. Price inquired if the smaller cars aren't easier on the highway. Mr. Stone stated that cars don't tear up the highway anyway; trucks do.

Mr. Price inquired if the department has an estimate of how many gallons they project will be sold during the year of 1981. Mr. Stone stated that he believes that last year they used a figure of about 470,000,000 gallons of gasoline. They are estimating a 1% increase in consumption each year and this is what they build into their budget. This has not been true over the last few years.

Mr. Price inquired how many dollars would be needed for the resurfacing of roads in 1981 and 1982. Mr. Stone stated that they would need roughly $29,500,000 total and this would come from all three of the money bills before the legislature.

Mr. Price inquired what they could work with in flat fee as opposed to the sliding scale. Mr. Stone stated that his budget is based on 12¢ during the biennium.

Mr. Polish inquired if when they are talking about 9½¢ would they hold the decimal point to the second place or would they add another place such as 9.575 etc. Mr. Stone stated that nothing happens during the period. The 9½¢ would be firm and would apply from $1.20 to $1.30. He stated that the 12¢ he indicated would be for two years only.

Mr. Beyer inquired if the amount levied by the RTC of from 1¢-4¢ was on top of the chart on page 1 of the bill. Mr. Stone stated that this was correct. This would be an additional tax that the counties could levy along with Column C.

Mrs. Westall stated that if they went with the flat amount for the department they would also have to add the flat amount for the counties and cities or else they would have nothing extra. Mr. Stone stated that what they have attempted to do in the county in maintaining their road system is that today under the 6¢ the department gets 4½¢ and the county gets 1½¢. Through the sliding scale they have maintained that 75-25 balance.

Mr. Price referred to a newspaper clipping which is attached to these minutes and found in Exhibit J, which is an overview of changes in state's laws relative to transportation and including increase in tax on fuel.

Mr. May pointed out that this repeals NRS 365.180 which is a half cent tax and 365.190 which is an optional one cent tax and he wondered if this was being picked up in some other place. Mr. Stone stated that these would be in the sliding scale and are included in Columns B and C. He stated also that the so-called jackpot amendment would also put it back in. Mr. May pointed out that it would increase it and put it back in.

Mr. Price inquired if it would be possible to get a breakdown that would be easy to read of the money that comes to the state from each county and then how much of that money goes back to the county in maintenance and repairs. He stated he would also like this in the form of a percentage as well. Mr. Stone stated that this would be possible and that he would get it for him. Mr. Price stated that he was only interested in the projected dollars that would go specifically for the maintenance. Mr. Stone stated that he would not be able to track where the 25% that goes to the cities and counties goes and what it is used for.

Mr. Price stated that could this be done by using Column B and track it. Mr. Stone remarked that he would like to point out that in the total budget, including federal funds, that Clark County gets 55% of the total construction. Without the revenue of SB 154 he would not be able to do this. The number one priority is to preserve the existing system.

Mr. May pointed out that on page 5, line 8 they are using a factor of 6 cents a gallon on the amount of money that goes to enforcement and yet they have increased the tax on recreation watercraft gasoline. Mr. Stone stated that SB 154 restricts the formula 50 6 cents per gallon as far as the money that goes to Department of Wildlife on the so-called motorboard formula.

Mr. May stated that they have increased the tax on fuel for recreation motorboats. Mr. Stone stated that the tax has increased as far as that fuel is concerned. Mr. May continued that they were still using the 6 cents a gallon a factor.

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Darryl Cappuro, Nevada Motor Transport Association, spoke in opposition to the bill, primarily because of the sliding scale as they are not opposed to the increase in fuel tax.

He gave a brief history of tax situation since 1971, stating that their organization has endorsed and worked with legislature to try to increase the funding the state highway fund. During this time, two governors have stated that there would be no new taxes and that it would require a 2/3 of the legislature to override his veto. Prior to 1971 the state highway fund had a fairly healthy balance. About that time it started to get into trouble and they should have been systematically over the past five sessions providing for the fund.

He stated that he felt it was necessary to touch a couple of areas first. In the Senate they supported SB 374, which was the highway user conference proposal for increasing gas and diesel and that particular bill provided for a 3¢ increase in the first year and 1¢ in the second. The total amount of that was to go to the State Highway Fund. If the legislature felt that counties need more they certainly could provide for that.

He stated that in going over the 1980 calendar year ending data for both the Department of Taxation and the Department of Motor Vehicles. Gas tax is collected by the Taxation and diesel tax by Motor Vehicles. Each cent on the gas and diesel tax produces 5½ million dollars. Diesel is taxed at 6¢ on the state level and gasoline is taxed at the same rate on the state level. SB 154 would preserve the same tax that would apply to gasoline would applie to diesel. Diesel is taxed on a use for consumption basis in 97% of the cases. The reason for this is that diesel use for highway use represents 50% or less than the total use of diesel in the state. There is a lot of home heating oil, off road engine in terms of pumps, etc. Those do not have the excise tax attached to them. There is a system in this state that has both a tax at the pump for those people who are not qualified use fuel users and a tax collected by DMV for those who are qualified. The people who pay at the pump fuel tax only amount to 4% of the total diesel fuel pumped. 96% of it is used over the road and is on a quarterly report system. The reason for this is if this system did not exist and was based strictly at the pump it is quite possible to go completely across the state without purchasing one single gallon of diesel. If they did not have the use tax law on diesel, revenues would go down because they would this fuel where it is cheapest.

Mr. Price stated that there has been a lot of criticism of the legislature because of the misunderstanding of how the diesel fuel tax is collected. He wondered if the charges here were equal to the charges paid at the pump.

Mr. Capurro stated that not all things are equal. Nevada is not alone in its reporting system. They are in a multi-state compact and prorate the costs with other states. He stated that if they went strictly on sales at the pump révenue would go down. 904

Mr. Schofield inquired how this collection goes about. Mr. Capurro stated that a trucking company applies to the DMV and is issued use fuel users license, which means that he can purchase without tax. He then keeps track of his miles in the State of Nevada. There is another tax that is based on mileage so these two must coordinate and it is a form of checks and balance. A report is filed quarterly showing the number of miles put on in the State of Nevada. Using a figure of 4½ miles a gallon DMV can determine that amount of gallons that were consumed in the state. This amount of tax is then applied to this figure and that is remitted with quarterly report to DMV.

Mr. Capurro stated that he would agree with Mr. Brady that the provision trying the department strictly to maintenance is "the most ridiculous provision I ever saw". He urged the committee to delete it from the bill. He stated that he felt that it was necessary to correct a mistatement just made by Mr. Stone where he in effect told the committee that cars do not damage the highways. The design of highways is based upon a number of factors, including the mix of traffic that will occur. This includes a certain % of truck traffic, % of car traffic, etc. weather factors, etc. The general design criteria is for a 20 year life span. He cited the Maryland Beltway is in effect restricted to trucks. The latest information indicates that this Beltway is deteriorating at just about the rate they figured it would on the 20 year cycle. So to make the flat statement that cars don't damage pavements is just not a true statement. Weight is one of the factors that contributes to the deterioration of highways but there are some engineers that feel it is not the major one. Weather, chemicals and other things that go into that mix have a very strong effect on it.

He stated that basically they are supporting a cents per gallon approach to this thing. They would suggest that they fund for the next two years and then come back in two years and take another look at it. He stated that he would commit himself that certainly at the end of the two year period, next legislative session, that there will be more facts and they will work with the legislature at that time for increases if they are necessary.

The sliding scale assumes certain things that may or may not happen. He stated that the papers now report that the OPEC oil countries, led by Saudi Arabia, feel that they may have overstepped their bounds on this gasoline situation. There is an oil glut in the world today. One that will not go down for at least six months and probably a year. As a net result there have been adjustments downward in the price of oil coming from the OPEC countries. Anything the legislature does is going to be guess if it is tied to price. He stated that they feel that the legislature ought to set the needs and provide for the money necessary using a flat cents per gallon.

The particular problem they have with the bill start on the second page regarding the survey. He stated that the intent of the director may be to take the lowest price fuel· and base the survey on it. The language in subsection 1 provides the weighting of these prices. The language is pretty wide open. It is a quarterly survey and of the states that have adopted some form of the sliding scale, quarterly is not the most popular and generally they have used either semiannual or annual reports. Adjusting these fuel taxes on a quarterly basis is too often to be doing it.

On the bottom of page 2 and continuing to page 3, section 4.3 the so called "blackjack amendment". This provision in effect states that if someone disagrees and that this law is unconstitutional and they go to court and the court agrees with them, they will pay a punitive penalty for this right of redress in the courts. He stated that he believes that this provision itself is unconstitutional. He urged the committee to delete this proposal if they were to process this bill.

On page 5, section 8 and 8.5 ties back to forcing the department to taking everything over 4½¢ and committing it to a specific purpose. He stated that on the one hand the bill gives the department a lot of latitude on how they conduct the survey but on the other hand this bill ties the department down as to exactly what the money will be used for. He suggested that it also be deleted.

Mr. Capurro stated that their experience with the department is that they have done a good job in building highways with the little resources that they have. They have a tremendous amount of area, long stretches of interstate, etc. The department has been very successful in getting federal funds and they have been able to do this because there is only 5% match.

He concluded by urging the committee to bear in mind that SB 262 is a 6½ million dollar that doubles registration fees, etc., SB 477 has another 3 million dollars strictly from the trucking industry.

Ron Lurie, City of Las Vegas, stated that he was Chairman of the Regional Transportation Commission in Southern Nevada which is made up the City of Las Vegas, City of North Las Vegas, Henderson, Boulder City and the County of Clark. He reviewed for the RTC role and function. In 1965 the RTC was created under NRS 373 and was made responsible for funding the project to improve the transportation facilities throughout Clark County. RTC has administered fuel tax funds on a priority basis in an attempt to meet the demanding growth of the area. They have experienced the second highest growth per capita within the USA. With the expected future growth and compounded by the expected impact resulting from MX, RTC will be hard pressed in its level of funding to keep up with the basic needs of the present transportation system. They have disbursed of $50 million for construction of needed transportation facilities of Clark County. Without additional revenue, after satistiying requirements of retiring RTC debts there would approximately $800,000 per year that could be utilized for street and highway construction in Clark County. RTC has established a priority list of major street improvements which totals in excess of $200,000,000. In the City of Las Vegas they have approximately 725 miles of streets. Because of inflation and rapid growth the streets have not been adequately maintained for a number of years. They have budgeted $2,500,000 for street maintenance and they estimate to stay even with the existing rate of deterioration and new streets each year they need approximately $4,300,000 for maintenance alone. The passage of this bill will provide the City of Las Vegas with approximately $1,200,000 for maintenance in the coming year. The City of Las Vegas supports SB 154 and also support the RTC position for an additional 2¢ increase that would be a county option.

Mr. Price inquired if it would make any difference whether the funding comes from a flat fee increase or a sliding scale. Mr. Lurie stated that they are concerned with the option of the 2¢ and their personal feelings are that the sliding scale is the answer to the fluctuation of costs of fuel. He stated that he feels that whatever is done, they will be back in two years no matter which way it goes.

William Buston, Clark County Regional Transportation Commission, spoke in support of the bill. He reiterated much of what Mr. Lurie had stated and pointed out that inflation is continually reducing the number of miles than can build with the same amount of money. He distributed a copy of a report which is attached to these minutes as Exhibit K. He urged support of this bill in order to generate more revenue necessary to serve the motoring public.

John J. Fultz, owner of the 49er Truck Plaza, stated that he was in opposition to the bill. He stated that he would like to address an issue that had not been addressed so far and that was the shift in tax policy this bill would cause. It would move the policy from a flat fee to a sliding scale which would be a completely different policy. He stated that so far everyone agrees with one thing and this is that there has to be more money generated to maintain the highways of Nevada. The amount of money necessary even seems to be an item everyone agrees with. However, the disagreement comes from the method used to get the money. The flat tax rate is one that can be budgeted for and the sliding is not. Mr. Fultz stated that although Mr. Stone estimates a 12% inflation rate for the next 12 years this is something no economist would ever undertake to estimate. At this rate gas would double every 6 years. He added that with the switch in policy to a sliding scale this would be something that people would have no control over. He stated that the fuel tax is something that the legislature has always had control of and that it should be left there and not be put on a sliding scale. He added that although the director would have to report every two years to the legislature on what is happening and what plans are made for the coming years, it has been his experience that what is planned doesn't always happen. He stated that he would doubt that there would ever be any money left over in the budget from year to year. He added that he did not feel that the bill had enough discipline in it to handle the situation effectively.

Bob Hadfield, Douglas County and Jack Warnecke, Carson City Board of Supervisors, spoke in support of the bill. Mr. Hadfield stated that Douglas County they support the Department of Transportation on this issue and recognize that there is indeed a problem with financing maintenance of the highways. He stated that Douglas County has had its budget reduced with the new tax plan and this concept would allow for flexibility. He stated that most of the revenues are not flexible and this would help them a great deal. He stated that it was a fresh approach and a responsible one to deal with this problem.

Jack Warnecke agreed with the previous statements made in support of the bill. He stated that the rural areas of Nevada have a great number of miles of road that must be maintained and that in Carson City alone there are 170 miles of roads. He stated that this needs resurfacing every 9 years. About 10½ roads need to be resurfaced each year and that they would desperately need the money generated from this tax to pay for this project.

In answer to a question regarding RTC, Mr. Hadfield and Mr. Warnecke stated that both Douglas County and Carson City have an RTC established and they have enacted the 2¢ option with this.

Bill McDonald, Humboldt County, stated that there is currently a bill in Congress that would reduce the amount of financial support they would receive for their roads. He stated that the amount received from property tax is not enough to cover along with the amount from fuel tax the cost of maintaining and constructing roads and streets in the cow counties. He cited the situation of "in lieu of taxes" paid by the federal government which at the current time does not have a good outlook and that they may only get 1/2 of what they have received in the past. There is no way with the new tax package to replace these lost funds.

Virgil Anderson, AAA, spoke in opposition to the bill. He stated that he felt Mr. Capurro had stated their position quite adequately. He stated that the committee should really look at the total package and its impact on the motoring public as well as the trucking industry. It will almost amount to an 100% increase. The AAA conducts an extensive survey on the price of gasoline in Nevada and California. He presented the tabulations for this survey which are attached to these minutes as Exhibit L. He stated that according to this survey the price of the tax would be 11¢, not 9½¢ as quoted. Also according to this survey, there is only a 1¢ difference between the price of gasoline in Nevada and that in California.

Jerry Hall, RTC, spoke in support of the bill. He cited the situation in Washoe County where they have had a cooperative agreement with the state to build the McCarran Blvd. loop road. The state has had to back out of this agreement because of the lack of funds. He stated that he felt it was necessary to have a sliding scale and the RTC would like to see it left as it is in the bill. This would give necessary flexibility. He would suggest that section 12 be left in and that the requirement of a vote of people be removed. He stated that in Washoe County they will virtually be out of business after one more major project.

Mr. May inquired if they would be in favor of restricting use of the money as found in the bill. Mr. Hall stated that the definition of overlay and reconstruction are sufficient to cover most of their projects.

George Vargas, representing major oil companies, support in opposition to this bill. A copy of his position is attached to these minutes as Exhibits M and N. He stated that he felt this would be a case of tax on a tax as the existing tax would be used to form the base for the next tax. He stated that a lot of motorists were converting to LPG or diesel and the burden of collecting and remitting taxes would be on the dealers of this.

He concluded by stating that the main concern was the constitutionality of the bill. He added that he has never seen anything like the "blackjack" clause in any other bill and that he has had his staff research it and they can find no other type of clause anyway to date.

He further stated that he would believe that this would delegate legislative authority to determine the base of a tax. A flat rate would not do this and would allow the legislature to set up a cent per gallon rate that would come up with the needed revenues.

In answer to Mr. May's question regarding date this would become effective, Mr. Vargas stated that it would be July 1, 1981.

Mr. Rusk stated that since there appeared to be a real question of constitutionality, he would suggest that Mr. Daykin be requested to address this issue for the committees.

John Madole, Association General Contractors, stated that they do support the bill as they believe it to be a vehicle to protect the investment of our roads and yet keep up with inflation. He stated that they would prefer to see section 12 not require a vote of the people but prefer to all the county commissioners the authority to make the decision. They would have no objections to seeing section 8 removed.

Pete Wooley, Nevdaa Service Station Dealers Association, stated they would support the statement made by George Vargas. He stated that they feel that the constitutionality would be challenged. He added that in connection with the survey that 20% of the pumps pump 50% of the gasoline sold. There is also about a 20¢ differential in the price of the same type of gasoline in any city, especially Reno. They would therefore oppose the sliding scale and support a flat cent per gallon tax.

Carole Vilardo, CPE, stated that they concurred with the statement made by Darryl Capurro. She stated that they feel there already have been enough tax increases without having an escalating tax increase. They would urge the committee to go with a flat fee that will generate the needed money.

Don Thompson, Clark County, stated that they were in favor of SB 154. He cited the particular problems of Clark County where they have 1645 miles of streets and roads. They need about $4.8 million for roads and received about $2.1 million from gas tax and the balance comes from property tax and other sources. SB 154 would help fund RTC and is needed at this time. He further cited the various needs of Clark County to maintain and expand their existing system using a 16 year program, 13 year program and 12 year program. He added that he feels the cost of gasoline relates to the cost of products needed to maintain roads. He stated that as far as changing the taxing policies, this would reflect conditions that are now and not conditions that have been.

Mr. Brady inquired about the average price of gasoline in Nevada. Mr. Anderson stated that according to their survey in April the average cost of regular was $1.375. Mr. Stone stated that from the survey they conducted three weeks ago, the average cost of regular was $1.3025.

Mr. Stone further stated that he had done an informal survey of Carson City this morning and found that the average cost of regular was $1.23, which if this sliding scale were in effect would place the tax at 9½¢.

Mr. Brady stated that if the average were $1.31 the increase in tax would be 9½¢ which would put it into a higher rate of gas price and the tax would increase again. Mr. Stone pointed out that he would not include the tax in the average price of a gallon.

Mr. DuBois inquired if Mr. Stone agreed with the figures cited as revenue from SB 262 and SB 477. Mr. Stone stated that SB 262 would be $6 million and SB 477 would be about 2.2 million. He further added that of the 1¢ increase in gas tax only 75% goes into the state highway fund and 25% goes to counties and incorporated cities. The department needs $29.5 million the first year.

As there was no further testimony to be heard, Chairman Price adjourned the meeting.

Respectfully submitted,

Sandee Gagnier
Assembly Attache

Also attached to these minutes as Exhibit O is an information sheet distributed to the members of the committee on the proposed tax/gallon gasoline.

ASSEMBLY

AGENDA FOR COMMITTEE ON TRANSPORTATION AND TAXATION

Date TUESDAY MAY 19, 1981 Time 5:00 P.M. Room 131

PLEASE NOTE CHANGE IN ROOM NUMBER

Bills or Resolutions to be considered	Subject	Counsel requested*
THIS AGENDA CANCELS AND SUPERSEDES THE PREVIOUS AGENDA FOR THIS DATE		
SB 154	Increases and changes measure of tax on motor vehicle fuel and special fuel.	

*Please do not ask for counsel unless necessary.

7421

ASSEMBLY

AGENDA FOR COMMITTEE ON TRANSPORTATION

Date TUESDAY MAY 19, 1981 Time 5:00 P.M. Room 214

Bills or Resolutions to be considered	Subject	Counsel requested*
SB 154	Increases and changes measure of tax on motor vehicle fuel and special fuel.	

*Please do not ask for counsel unless necessary.

7421

ASSEMBLY TRANSPORTATION COMMITTEE

GU[illegible] LIST

Date: May 19, 1981

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK FOR	AGAINST	BILL NO.
Wm Buxton 7:27	Clark County Regional Transportation	✓		154
George G. Vargas 7:56	Major Oil Co's		✓	154
John J. Fulb 7:30	Self		✓	154
Peter Woolley	Nevada Service Station Dealers		✓	154
A.E. Stone	Nevada DOT	✓		154
Robert Hadfield	Douglas County	✓		
Jack Stanecki	Carson City Board of Supv.	✓		
Robert Sullivan	Carson River Basin COG	✓		
Don Thompson	Clark County	✓		
Ron Lurie 7:22	City of Las Vegas	✓		
Darrel				
Clair Haycock				
Jerry Hall		✓		
Virgil Anderson 7:44			✓	
Bill McDonald		✓		
John				
Carol Virlado				

May 19, 1981

EXHIBIT A PAGE 1

NEVADA DEPARTMENT OF TRANSPORTATION
GAS TAX INFORMATION

All the increases of revenue for NDOT in SB 154 are tied to the maintenance needs of preserving the existing system of highways. Graphs tracking costs over the past 10 years indicate no possibility of developing more revenue than actual needs for the 12-year plan. The possibility of insufficient revenues is very real.

VARIABLE TAX STATES: BASED ON AVERAGE RETAIL PRICE OF $1.40/GAL.

1.	Michigan	16.6¢ - 11¢/gal. + 4% sales
2.	Mississippi	16.0¢ - 9¢/gal. + 5% sales
3.	California	15.4¢ - July 1, 1981. Today 13.5¢ @ $2 retail, 19¢ 7¢/gal. + 6% sales; additional 2¢/gal. passed upper house - looks favorable in lower house, 9¢/gal. + 6% sa
4.	Nebraska	14.3¢ - 11.5¢/gal. + 2% sales
5.	Hawaii	14.1¢ - 8.5¢/gal. + 4% sales
6.	New York	13.6¢ - 8¢/gal. + 4% sales
7.	Washington	13.5¢ - July 1, 1981. Today 12¢; cap is 16¢
8.	Illinois	13.1¢ - 7½¢/gal. + 4%
9.	Kentucky	12.6¢ - 9% of wholesale
10.	Massachusetts	12.8¢ - 10% of wholesale
11.	Georgia	11.7¢ - 7½¢/gal. + 3% sales
12.	Indiana	11.2¢ - 8% of retail; cap of 16¢/gal.
13.	New Mexico	11.0¢ (Maximum in 1983) 8¢/gal. of wholesale price indexed to cap of 11¢/gal.

A mixed or variable tax similar to California's for Nevada would be as follows for an average price of $1.40:

6¢/gal. + 5 3/4% x 1.40 = 14¢/gal.

Should gasoline retail for $2.00/gal.:

6¢/gal. + 5 3/4% x 2.00 = 17.5¢/gal.

At $2.00 retail, California would probably be 21¢/gal.

Today's rate in other western states:

Idaho------------------11½¢/gal.
Utah-------------------11¢/gal.
Arizona----------------3¢/gal. (no increases came out of this year's legislature; Governor is to call a special session for an increase in transportation revenues)

Washington-----------(see on first page)
California-----------(see on first page)
Wyoming--------------8¢/gal. plus severence tax equal to approximately 7¢/gal...15
Colorado-------------7¢/gal. + Noble Act which diverts funds from the general fund and ties to vehicle sales, etc. and equates to approximately an additional 3½¢/gal for a total of 10½¢/gal. plus last year an additional 30 million was appropriated from the general fund for overlays, plus the Department of Transportation is asking for an additional 10¢/gal. in this legislature, but only expects to receive an additional 3¢/gal.

Exhibit B

NEVADA DEPARTMENT OF TRANSPORTATION

STAFF REPORT

PRESERVATION OF OUR
EXISTING HIGHWAY SURFACES

December 15, 1980

Prepared by Program/Project Management
Division

715

I. Policy Goals

A. The Department of Transportation has accepted the reality that it cannot finance the total needs of the State's streets and highways. The costs necessary to bring the State's highway system to twenty year geometric, safety and surfacing standards are so excessive (approaching $3.0 billion) that the total needs can no longer be considered as a viable alternative.

B. Therefore, the Department must revise it's goals to the following priorities:

1. Preserve the existing systems through normal and heavy maintenance and through resurfacing, restoration or rehabilitation (3R) of the existing surface; ignoring geometrics, drainage, and safety needs except in extreme cases.

2. Complete the construction of the Interstate System and reconstruct those sections on the other federal-aid systems which have reached their point of failure for traffic serviceability. This would include high hazard location and transportation system management type improvements (signals, turn-lanes, high-occupancy-vehicle lanes, etc.).

3. Construct selected new high priority volume roads on the primary and urban systems.

II. Additional Revenue Required

A. Additional revenue will be required to accomplish the new priority goals. Presently, financing for the maintenance, 3R, reconstruction and new construction programs is inadequate.

1. The Department is presently responsible for the maintenance of 4,966 miles of roads. These roads carry 66% of the vehicle miles traveled on all streets and roads in the State. There are an additional 690 miles of Federal-Aid System roads which could be added to the Department's maintenance responsibility if the roads are constructed or reconstructed (i.e: US 93 truck route in Boulder City; Ring Road in Reno/Sparks; US 95 Freeway in Las Vegas and Henderson; Flamingo Road in Las Vegas; Hawthorne Truck Route).
   a. Refer to Tables A-1 through A-3 for maintenance and vehicle mileage.
2. The recently completed "Pavement Management System" has classified the type of work required to preserve the existing surface on the 4,966 miles of state maintained roads. The classification only reflects the condition of the surface at this point in time. The following table shows the "PMS" work classification, length and the 1981 cost estimate necessary to correct the pavement deficiencies:

Type of Work Required	Length	Total Estimated Costs
No work required at this time	1,271	$ 0
Normal or heavy maintenance	2,529	5.1 million
Resurfacing restoration or rehabilitation	1,166	222.0 million
Total	4,966	$227.1 million

Note: The maintenance costs do not indicate the amount presently being spent or the amount required in the future for additional maintenance work on the 3R backlog section. Please refer to Tables B-1 and B-2 for 3R for maintenance work required in each county and system.

STATUS OF MAINTAINED MILEAGE - 1979

SYSTEM	STATE SYSTEM Maintained	STATE SYSTEM Not Maintained	Local Rds & Sts.	Total
Federal-Aid Interstate	481.9	62.7*	-	544.6
Federal-Aid Primary	1,842.8	30.3*	-	1,873.1
Federal-Aid Secondary	2,105.0	350.9	-	2,455.9
Federal-Aid Urban	122.9	246.1	-	369.0
State-Aid Routes	413.5	-	-	413.5
Local Roads & Streets	-	-	44,505.7	44,505.7
TOTAL	4,966.1	690.0	44,505.7	50,161.8
% of Grand Total	9.9%	1.4%	88.7%	100.0%

*represents new roadways not yet constructed

MAINTAINED MILEAGE BY COUNTY AND SYSTEM

AS OF JANUARY 1, 1980

COUNTY	FAI	FAP	FAS	FAU	SAR	TOTAL
CARSON CITY	-	24.307	2.369	6.442	8.898	42.016
CHURCHILL	29.305	174.885	71.578	-	58.161	333.929
CLARK	124.774	157.490	243.152	69.540	21.894	616.850
DOUGLAS	-	58.113	28.768	-	14.909	101.790
ELKO	99.750	195.444	316.147	5.819	8.900	626.060
ESMERALDA	-	115.924	103.860	-	17.941	237.725
EUREKA	25.773	47.385	103.090	-	6.615	182.863
HUMBOLDT	55.747	73.757	156.579	-	37.312	323.395
LANDER	21.146	56.898	118.160	-	49.866	246.070
LINCOLN	-	172.400	171.758	-	2.313	346.471
LYON	14.275	106.753	79.654	-	30.535	231.217
MINERAL	-	118.442	81.135	-	4.154	203.731
NYE	-	240.461	299.551	-	12.319	552.331
PERSHING	64.770	-	56.636	-	39.235	160.641
STOREY	0.775	-	13.790	-	-	14.565
WASHOE	45.574	33.941	196.869	41.094	6.677	324.155
WHITE PINE	-	266.592	61.891	-	93.771	422.254
TOTAL	481.889	1,842.792	2,104.987	122.895	413.500	4,966.063

TABLE A-2

TABLE A-3

STATUS OF ANNUAL VEHICLE MILES (AVM)

Note: AVM Reflects 1979 Traffic

County	NDOT Maintained	%	Non-Maintained System	%	Local Streets & Roads	%	Total AVM
Carson City	138,516,448	77.2	5,631,422	3.2	35,217,759	19.6	179,365,629
Churchill	147,000,568	86.4	1,207,665	0.7	21,969,722	12.9	170,177,955
Clark	1,456,133,646	52.3	859,775,074	30.9	466,289,627	16.8	2,782,198,347
Douglas	162,598,425	84.4	19,845,123	10.3	10,112,596	5.3	192,556,144
Elko	258,396,308	89.2	6,044,717	2.1	25,208,114	8.7	289,649,139
Esmeralda	42,987,128	94.3	135,973	0.3	2,471,701	5.4	45,594,802
Eureka	49,481,365	93.2	457,214	0.9	3,122,542	5.9	53,061,121
Humboldt	138,125,706	90.1	971,895	0.6	14,173,058	9.3	153,270,659
Lander	58,873,371	89.9	1,005,538	1.5	5,626,838	8.6	65,505,747
Lincoln	47,520,855	87.6	324,910	0.6	6,421,102	11.8	54,266,867
Lyon	138,007,451	90.4	2,013,435	1.3	12,712,510	8.3	152,733,396
Mineral	67,405,290	85.7	1,166,140	1.5	10,115,970	12.8	78,687,400
Nye	92,830,562	83.9	2,872,010	2.6	14,919,186	13.5	110,621,758
Pershing	130,092,201	95.2	1,550,991	1.2	4,962,241	3.6	136,605,433
Storey	10,815,653	86.0	320,141	2.5	1,440,330	11.5	12,576,124
Washoe	892,215,158	67.0	214,275,209	16.1	224,291,698	16.9	1,330,782,065
White Pine	66,753,508	77.5	642,855	0.8	18,716,853	21.7	86,113,216
Total	3,897,753,643	66.1	1,118,240,312	19.0	877,771,847	14.9	5,893,765,802

NORMAL MAINTENANCE
COST ESTIMATE
FISCAL YEAR 1981

COUNTY	INTERSTATE		PRIMARY		SECONDARY		URBAN		STATE-AID		TOTALS	
	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost
Carson City	0	0	8.0	21,504	2.0	7,549	9.0	7,885	4.0	12,074	23.0	49,012
Churchill	5.0	16,442	109.0	256,413	36.0	68,723	0	0	20.0	66,976	170.0	408,554
Clark	41.0	181,037	54.0	98,918	148.0	240,128	36.0	105,594	10.0	17,629	289.0	643,306
Douglas	0	0	20.0	48,989	23.0	47,757	0	0	8.0	13,306	51.0	110,052
Elko	48.0	115,629	108.0	218,960	198.0	440,922	3.0	4,883	4.0	14,784	361.0	795,178
Esmeralda	0	0	62.0	129,472	57.0	97,149	0	0	3.0	2,061	122.0	228,682
Eureka	19.0	46,413	28.0	61,555	65.0	167,328	0	0	3.0	7,034	115.0	282,330
Humboldt	29.0	31,472	36.0	82,342	100.0	176,042	0	0	12.0	23,789	177.0	313,645
Lander	11.0	8,198	18.0	55,082	65.0	112,269	0	0	10.0	28,134	104.0	203,683
Lincoln	0	0	97.0	158,032	78.0	118,294	0	0	1.0	3,920	176.0	280,246
Lyon	1.0	269	52.0	75,533	71.0	138,656	0	0	20.0	36,669	144.0	251,127
Mineral	0	0	45.0	87,674	48.0	81,200	0	0	0	0	93.0	168,874
Nye	0	0	64.0	99,882	134.0	279,910	0	0	0	0	198.0	379,792
Pershing	260.0	21,907	0	0	59.0	121,766	0	0	33.0	93,341	118.0	237,014
Storey	0	0	0	0	10.0	12,365	0	0	0	0	10.0	12,365
Washoe	10.0	40,365	26.0	68,365	132.0	192,998	24.0	58,643	6.0	14,291	198.0	374,662
White Pine	0	0	123.0	245,011	23.0	53,760	0	0	34.0	101,002	180.0	399,773
TOTALS	190.0	461,732	850.0	1,707,732	1249.0	2,356,816	72.0	177,005	168.0	435,010	2529.0	5,138,295

TABLE B-1

RESURFACE & REHABILITATION
COST ESTIMATE
FISCAL YEAR 1981

COUNTY	INTERSTATE		PRIMARY		SECONDARY		URBAN		STATE-AID		TOTALS	
	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost	No. of Miles	Estimated Cost
Carson City			1.40	389,677							1.40	389,677
Churchill	9.63	5,502,800	62.19	10,771,632	18.39	2,544,807			23.30	2,692,839	113.51	21,512,078
Clark			15.615	3,888,501	57.40	11,709,174	10.17	5,017,688	14.00	2,736,814	97.185	23,352,177
Douglas			12.56	5,096,168	8.00	1,497,051			1.25	225,562	21.81	6,818,781
Elko	16.00	8,251,601	56.35	11,331,447	83.32	11,391,335			1.92	221,210	157.59	31,195,593
Esmeralda			18.02	3,522,671	29.34	5,206,007					47.36	8,728,678
Eureka			24.00	5,211,537	16.34	1,972,269			2.26	339,846	42.60	7,523,652
Humboldt					10.06	1,159,051			2.81	457,638	12.87	1,616,689
Lander			12.00	2,300,728					40.00	5,126,164	52.00	7,426,892
Lincoln			34.38	8,093,302	58.69	8,080,819			0.83	95,627	93.90	16,269,748
Lyon			22.39	5,351,478							22.39	5,351,478
Mineral			30.76	6,485,439	9.00	1,036,924					39.76	7,522,363
Nye			89.41	18,391,265	136.10	23,480,327					225.51	41,871,592
Pershing					4.00	460,855					4.00	460,855
Storey											0.00	-0-
Washoe	8.00	4,125,800	13.10	3,321,356	8.19	1,955,062					29.29	9,402,218
White Pine			117.93	21,253,855	24.08	3,166,957			62.80	8,117,330	204.81	32,538,142
TOTALS	33.63	17,880,201	510.10	105,409,056	462.91	73,660,638	10.17	5,017,688	149.17	20,013,030	1165.98	221,980,613

TABLE B-2

3. Federal-Aid Highway Funds cannot be used for maintenance operations but they can be used for 3R type improvements. At least 20% of the apportioned Federal-Aid Primary and Secondary funds must be used for 3R type work. There is a special category of federal funds for Interstate 3R work. Therefore, a portion of our backlog 3R needs will be accomplished with federal funds. The residue of the 3R backlog needs will have to be accomplished with 100% State Funds and a greater commitment from our available federal funds. All of our maintenance needs will have to be met with State or local funds.

III. Existing Expenditures

A. The Department is presently spending approximately $8.6 million each year for normal and heavy pavement maintenance operations. At first glance this appears to be in excess of the actual needs as reflected by the "PMS" study. But in reality, we are forced to spend a large amount for heavy pavement maintenance on the backlog 3R sections in addition to our normal maintenance needs. The heavy maintenance on the 3R sections is strictly a stop-gap effort to preserve the surface until we can properly correct the deficiency. The stop-gap effort represents the least cost effective use of our already scarce State funds.

B. Approximately $6.5 million of our available federal funding is presently being used for 3R type projects each year. Due to the lack of State funds in the last two years, we have not been able to meet any of our 3R needs with 100% State funds.

C. Totally we are presently spending $15.1 million for our surface maintenance and 3R needs.

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Inflation is spiraling at a 12% to 20% rate in the highway industry and our roadway surfaces are deteriorating at a 11% to 16% rate. This means that at our present rate of expenditures we will never catch up with our backlog needs. In fact, we'll fall further behind (approximately $30 million each year).

IV. Proposed Funding Solution

A. We must arrive at a funding method to preserve the existing surface while eliminating the backlog 3R needs including inflation and surface deterioration.

1. A simple method is to convince the legislature to give us a one-time appropriation to eliminate the backlog 3R needs over a short period of time. Then we would only need enough new revenue to keep up with the normal yearly surface deterioration and maintenance needs. This approach would be nice and economical but is not realistic in light of the funding problems being experienced throughout State Government.

2. A realistic approach has to be established to accomplish our objective of preserving the existing system and addressing inflation and deterioration.

a. We first had to arrive at a reasonable time frame necessary to eliminate our backlog needs that the traveling public, the Transportation Board and Legislature would find acceptable. The overall costs would be drastically reduced the sooner the objective is accomplished. But a shorter period requires an exhorbitant commitment of new state revenue or a total commitment of eligible federal funds. After thorough consideration, we have arrived at a maximum twelve (12) year period to return ourself to a yearly need basis. Any earlier would place to heavy of a burden on the road users. Any longer becomes intolerable to traveling public and in meeting our other reconstruction and new construction needs.

b. Next we had to arrive at a reasonable funding method. Regular Interstate Funds are not eligible for 3R work until the system has been completed within the State. Also, we cannot stop all the committed Federal-Aid Primary, Secondary and Urban System Projects. Therefore, we adopted an expanding commitment of Federal-Aid funding from the present $6.5 million to $25 million in F.Y. 1990 for 3R work to preserve the existing system. We were then able to calculate our additional State fund revenue needs to meet our twelve year objective and to meet our normal needs from that point on.

   1. Please refer to Table C-1 which tabulates the backlog 3R and maintenance needs and proposed revenue needs over the twelve year period. The table takes into account a minimum 12% inflation rate, an 11% surface deterioration rate and additional heavy maintenance required on the 3R sections until they can be properly corrected. Also, related administrative costs for the preservation program have been incorporated in the total costs.

c. Next we had to calculate the state funds that would be required to meet our normal and heavy maintenance needs. Additional funding will be required during the 12 year period to cover the heavy maintenance needs on the backlog 3R sections and on the sections deteriorating to the 3R category each year until we can eliminate the deficiency.

d. A base figure of $29.5 million has been calculated as the amount of additional state revenue required to meet the twelve year objective. The base amount would be used as follows:

1.	3R backlog	$21.3 million
2.	Additional heavy maintenance	5.3 million
3.	Related administration cost	2.9 million
	Total	$29.5 million

B. The proposed new state revenue must be indexed to keep up with a minimum 12% inflation rate or our backlog 3R needs will never be eliminated.

C. This proposal will affect our new and reconstruction needs. We will have to temporarily sacrifice these needs if we are to preserve our existing investment.

COSTS NECESSARY TO PRESERVE EXISTING SYSTEM
(Based on 1980 Pavement Management Report)
Costs Shown in Millions of Dollars

F.Y.	Contracted Resurface & Rehabilitation Work							Normal-Heavy Maintenance Work							F.Y.
	Proposed Revenue			Anticipated Costs				Anticipated Costs							
	State Funds	Fed. Funds	Total	Deficit + 12% Inflation	Costs to Cover Deterior-ation of Exist. Sys.	Total	Accum. Deficit	Normal Maint. Costs Based on PMS	Backlog 3R Maint. Costs	3R Deterior-ation Maint. Costs	Deficit + 12% Inflation	Total	Proposed Revenue	Accum. Deficit	
							221.98								
1981	0.00	6.50	6.50				215.48	5.14	12.79	0	0	17.93	8.60	9.33	1981
1982	23.40	6.50	29.90	241.34	25.52	266.86	236.96	5.75	0	1.58	10.45	17.78	11.93	5.85	1982
1983	28.60	6.50	35.10	265.39	25.65	291.04	255.94	6.45	0	1.77	6.55	14.77	13.36	1.41	1983
1984	32.03	9.14	41.17	286.65	25.80	312.45	271.28	7.22	0	1.98	1.58	10.78	10.78	0	19484
1985	35.88	11.78	47.66	303.83	25.96	329.79	282.13	8.08	2.60	2.21	0	12.89	12.89	0	1985
1986	40.18	14.43	54.61	315.98	26.15	342.13	287.52	9.05	0	4.96	0	14.01	14.01	0	1986
1987	45.00	17.07	62.07	322.03	26.36	348.39	286.32	10.14	0	5.56	0	15.70	15.70	0	1987
1988	50.40	19.71	70.11	320.68	26.59	347.27	277.16	11.36	0	6.22	0	17.58	17.58	0	1988
1989	56.45	22.36	78.81	310.42	26.85	337.27	258.46	12.72	0	6.96	0	19.68	19.68	0	1989
1990	63.22	25.00	88.22	289.47	27.14	316.61	228.39	14.25	0	7.80	0	22.05	22.05	0	1990
1991	70.81	25.00	95.81	255.80	27.47	283.27	187.46	15.96	0	8.74	0	24.70	24.70	0	1991
1992	79.31	25.00	104.31	209.95	27.84	237.79	133.48	17.87	0	9.78	0	27.65	27.65	0	1992
1993	88.83	25.00	113.83	149.50	28.25	149.50	63.92	22.22	0	5.48	0	27.70	27.70	0	1993
1994	99.49	10.00	109.49	71.59	28.70	100.29	(9.20)	24.89	0	0	0	24.89	24.89		1994

TABLE C-1

Bob Price
Exhibit C.

Principles of Highway Finance

by

Marshall F. Reed, Jr., P.E.

HIGHWAY USERS FEDERATION
1776 Massachusetts Avenue, N.W.
Washington, D.C. 20036

1981

PRINCIPLES OF HIGHWAY FINANCE

By
Marshall F. Reed, Jr., P. E.
Transportation Engineer

HIGHWAY USERS FEDERATION
1776 Massachusetts Avenue, N.W.
Washington, D.C. 20036

January 1981

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INTRODUCTION

Many elements of society have encountered severe problems in meeting financial obligations. State highway agencies are no exception. Highway costs have risen sharply. Reduced travel and increased motor vehicle fuel efficiency have cut deeply into fuel tax revenues.

Governors and state legislatures have responded with tax increases, new taxes, and shifts in tax resources.

Highway users frequently are called upon to support highway finance proposals, some of which depart from long-standing practices. In order to develop and evaluate these proposals, it is helpful to remember seven basic principles of highway finance that have stood the test of time.

A sound highway finance measure should:

- Assess highway needs clearly
- Incorporate funding levels that are adequate and affordable
- Involve the public — including business and the highway user industry — in defining needs, funding levels, and taxes
- Provide funding levels that are predictable
- Provide for legislative review
- Maintain or establish an equitable tax structure
- Be simple to administer and easy to understand

Adherence to these principles will lead to highway programs that meet transportation needs of the general public, business, and industry. The principles have been followed successfully for 60 years, and they are as valid today as ever.

An indexed highway tax is one of the measures enacted in recent years to keep highway programs in pace with inflation. In the final section of this paper, indexed highway taxes are evaluated for adherence to the finance principles. Some faults are found, the most important of which is that automatic changes in taxes caused by indexing may not 730
be related to specific, documented highway program needs.

PRINCIPLES OF HIGHWAY FINANCE

#1 Assess Highway Needs Clearly

State highway funding plans must be based upon up-to-date information and technically accurate evaluations of need.

Capital Program. The capital program — including rehabilitation of the existing highway system and construction of new highways to accommodate growth in population, motor vehicles, and travel — is the most expensive element of the highway program. It is essential, therefore, to develop this element of a program upon a sound base. This calls for an engineering needs analysis which identifies current and future deficiencies and estimates the cost to eliminate them. An engineering needs analysis should:

- Prepare and evaluate a statewide highway classification plan that is based upon highway use and land development within the program period
- Apply accepted engineering design and performance standards to each highway class
- Assess highway and bridge conditions, characteristics, and performance
- Identify deficiencies and analyze improvement options
- Determine improvement costs and priorities

If state funds are to be provided for local road programs, the needs assessment should include city, county, and town roads.

Standards used to identify highway deficiencies and to select improvement options are critically important to an effective highway needs analysis. The standards enable officials to pinpoint mobility, safety, and structural deficiencies. The standards also should enable officials to identify potential cost-effective, environmentally acceptable improvements.

Other Program Needs. Although the capital program requires the largest share of state highway funds, money also must be reserved for other program categories such as maintenance and operations, highway safety, administration, and bond repayments. The future costs of these elements also should receive technically sound and realistic evaluation.

#2 Incorporate Funding Levels that are Adequate and Affordable

Reversal of the trend of highway deterioration and keeping highway development in pace with growth should be prime objectives of state highway programs.

Most state highway programs face critical needs. The nation's highways have begun to decline after decades of improvement. It is essential that this trend be reversed, for as in any industry, it is more economical in the long run to keep a facility in good operating condition than to put off needed repairs until much more expensive rehabilitation costs are required.

The rate of growth in population, motor vehicle registration and travel is high in many parts of the United States. To accommodate this growth safely and efficiently, many state highways must be built or rebuilt.

The level of state highway program funding must also reflect the ability of motorists and the general public to pay the cost. The state legislature must decide the tradeoff between adequacy and affordability based on sound, technical information, including the benefits and consequences of various possible funding levels.

#3 Involve the Public — Including Business and the Highway User Industry — In Defining Needs, Funding Levels, and Taxes

Virtually all citizens use streets and roads or are otherwise affected by street and road conditions. An involved and well-informed public can help define highway needs, identify necessary action programs, and provide support for them. Conversely, the chances for positive action and public support are remote when the public is not involved.

State and metropolitan highway user groups will want to be involved in defining highway needs, goals, and funding. They can supply useful information and viewpoints because they represent a wide range of people, including interest groups directly affected by highway conditions and service. Because members of highway user groups pay a significant portion of highway taxes, they are concerned that these funds are used in the most effective manner. Furthermore, because they understand what is to be gained or lost, highway user groups are the best advocates of soundly conceived state highway programs and adequate, yet affordable, funding levels and taxes.

The general public's perception of competency is also an important element in generating public support. Highway agencies are considered competent when they are perceived as using tax resources effectively and responding to public needs.

#4 Provide Funding Levels that are Predictable

Assured funding is essential to efficient administration of a state highway system. State highway construction and maintenance programs are complex, requiring more than 20,000 technical, clerical, and maintenance employees in some states.

State highway systems range up to 72,000 miles, and each mile must be kept in safe and efficient condition throughout the year.

In the largest states, as many as 500 projects may be under construction, and 2,000 in planning stages at a time. Many construction projects require several years from preliminary planning to completion. State highway administrators need assured funding during at least a five-year period to manage effectively these large programs.

Dedicated highway user taxes, which provide 80 percent of state-collected highway program funds, are highly predictable revenue sources. Supplemented by stable general fund appropriations, a user-based tax plan, with revenues dedicated to the highway program, has been the best and most common basis for assuring future highway funds.

#5 Provide for Legislative Review

State legislatures are responsible for: setting highway program goals, providing adequate funds, and reviewing progress.

When conditions alter the amount of highway funds available or the purchasing power of highway funds, legislatures must re-examine funding objectives. In this era of rapid change, periodic legislative review is important, so that lawmakers may alter highway funding to meet established highway program objectives, or alter objectives to fit funding realities.

Close legislative monitoring of highway funding was less necessary in the two decades previous to the 1970s. State highway funds increased then as motor vehicles, travel, and highway needs increased — mainly due to the fact that increased highway travel meant increased motor fuel consumption and motor fuel tax revenues.

Inflation was a minor factor in highway construction and maintenance. Motor fuel was always available and at low cost. Motor fuel conservation was not a factor. Where highway needs outpaced highway revenue, the legislature made small adjustments either in motor fuel taxes, motor vehicle imposts, or general revenue appropriations.

But in the 1970s, three things happened to make it more important for closer monitoring and adjusting of highway revenue.

First, inflation increased highway costs, greatly reducing the effectiveness of highway revenues. Construction prices moved from annual increases of three or four percent in the 1960s to six or seven percent in the early 1970s and to 17 percent by 1979.

Second, the close relationship between travel, highway needs, fuel consumption and motor fuel tax revenues ceased due to fuel conservation measures, such as improved vehicle fuel efficiency. While travel and highway needs increased, fuel use and motor fuel tax revenues have leveled.

Third, state highway program needs have mounted because state legislatures have been slow to react to less-than-anticipated highway revenues and reduced effectiveness of the revenues.

Continued monitoring of state highway program needs and adjusting of highway finance levels will remain important as long as high rates of inflation persist and highway travel needs grow. There is no sure way to forecast inflation, but the National Transportation Policy Study Commission reported in 1979 that automobile and truck travel will increase by 80 percent and 142 percent, respectively, in the 1975-to-2000 period. Increased travel demand has always led to increased highway program needs.

#6 Maintain or Establish an Equitable Tax Structure

In order to ensure fairness, highway tax proposals should be based on a thorough financial analysis of revenue sources.

A highway finance proposal that treats all taxpayers equitably will attract far greater support than a proposal that unfairly heaps tax burdens on one class of taxpayers to the benefit of others. Highway tax proposals should be able to pass several tests of fairness and balance.

First, user tax support and general fund tax support of the highway program should be balanced to reflect the relationship of benefits to motorists and benefits to the general economy of the state.

Second, tax revenues resulting from motor vehicle ownership — such as registration fees — and tax revenues resulting from highway use — such as motor fuel and motor carrier taxes — also should be balanced in accordance with their purposes. Motor vehicle taxes are a levy to support a basic highway system, regardless of use. Motor fuel taxes typify a levy to support costs associated with the amount of highway use.

And lastly, support should be balanced among the various classes of motor vehicles, considering the benefits received and the highway construction/maintenance costs incurred by each class.

Most state highway finance systems have balances acceptable to the majority of persons. State highway finance proposals should be evaluated to ensure that inequities will not be created.

#7 Be Simple to Administer and Easy to Understand

Taxes paid by highway users in the form of pennies-per-gallon of motor fuel and motor vehicle registration fees have a long history in the United States. Each state is adept at collecting and administering these taxes and fees, which are well understood and accepted by the public. Proposals that would change established procedures or add new types of taxes should be examined carefully for their effect on the cost to both government and industry of collection and administration. And they should be examined for their ability to gain public understanding and acceptance.

For ease of administration and understanding, highway taxes should not be subjected to frequent change, certainly no more than once a year. Also to enhance understanding, all motor fuel taxes and motor vehicle registration fees should be clearly identified as taxes to be paid by highway users for support of their highway program.

INDEXED HIGHWAY TAXES

Three types of indexed tax measures have been adopted by eight state legislatures to keep state highway revenues in pace with inflating highway costs. This section describes these and evaluates them in relation to the seven principles of highway finance.

Types of Indexed Highway Taxes

The first is the variable motor fuel tax which changes the pennies-per-gallon tax rate periodically to equate it, within prescribed limits, to a prescribed percentage of the wholesale or retail price of motor fuel. In 1977, Washington adopted a variable motor fuel tax. New Mexico enacted similar legislation in 1979. Kentucky, Indiana, Massachusetts, and Nebraska enacted variable motor fuel taxes in 1980.

The application of a state ad valorem sales tax to motor fuel is another type of indexed tax. Revenues change as the price of motor fuel changes. The District of Columbia and nine states — California, Georgia, Hawaii, Illinois, Indiana, Michigan, Mississippi, New York, and Virginia (northern counties only) — have ad valorem sales taxes on motor fuel. These taxes are in addition to the pennies-per-gallon motor fuel taxes. While Georgia dedicates a portion of the ad valorem sales tax to the state highway program, the other states use it to increase either general revenues or revenues for non-highway programs, such as transit.

A third type of indexing for highway purposes was adopted in 1977 in Texas, where all money for highways comes from the general fund. There the legislature established a formula for annually adjusting general fund appropriations for highways according to variations in construction and maintenance cost indices.

The Variable Motor Fuel Tax

The variable motor fuel tax is the most widely used indexed highway tax measure. The six applications to date are:

<u>Washington</u> — Effective July 1, 1977, the motor fuel tax rate is re-established semi-annually at 21½ percent of the computed weighted average retail price per gallon

of motor fuel sold in Washington. The law specifies a tax floor of 9 cents per gallon and a ceiling of 12 cents. The maximum was reached January 1, 1979.

New Mexico — Effective July 1, 1979, the motor fuel tax rate is re-established annually based on a table that fixes the tax rate to the computed average wholesale price of motor fuel plus applicable federal tax. The law specifies a tax floor of 7 cents per gallon and a ceiling of 12 cents. The tax rate cannot increase by more than one cent per year. Additionally, the law permits sale of severance tax bonds for highway improvements and dedicates 25 percent of motor vehicle titling taxes to the State Road Fund.

Kentucky — Effective July 1, 1980, the motor fuel tax rate is re-established quarterly at 9 percent of the computed weighted average per gallon wholesale tank wagon price of gasoline. The law specifies a $1.00 per gallon floor and a $1.50 per gallon ceiling for the computed average price of motor fuel. This is equivalent to a 9 cents per gallon tax floor and a 13.5 cents per gallon tax ceiling. The maximum average wholesale price change from fiscal year to fiscal year is 10 percent. Additionally, the law establishes a 2 percent surtax on motor fuel sales to heavy equipment motor carriers.

Indiana — Effective July 1, 1980, the "license tax rate" for motor fuel is to be re-established semi-annually at 8 percent of the computed weighted average retail price of gasoline. Maximum average weighted retail price is $1.50 per gallon for 1980, $1.75 for 1981, and $2.00 after 1981, which establishes maximum tax rates of 12, 14, and 16 cents per gallon, respectively. A tax rate floor is not specified. Also enacted was a vehicle registration fee increase of about 25 percent depending on the class of vehicle.

Massachusetts — Effective August 1, 1980, the motor fuel tax rate is to be re-established quarterly at 10 percent of the average wholesale price of motor fuel. No tax rate floor or ceiling was enacted. The law lacks specificity, so the Massachusetts Commissioner of Revenue will suggest changes at the next session of the Legislature.

Nebraska — Effective October 1, 1980, the motor fuel tax rate is to include a surcharge of 2 percent of the average price the Nebraska state government pays for motor fuel computed on a pennies-per-gallon basis. The surcharge rate is to be effective through fiscal year 1981 and then is to be adjusted by the State Board of Equalization based on the additional State funds required to fund appropriation levels established by the Legis- 738 lature. Additionally, the law establishes a 1-cent-per-gallon increase in the motor fuel tax, with receipts divided equally between cities and counties.

Evaluation of Indexed Highway Taxes

Indexed highway tax measures ought to be carefully evaluated prior to enactment. Some fail to satisfy the reasons for their development. Typical problems are:

- revenues do not relate to need
- revenues are unpredictable
- funding levels change without public or legislative review
- the tax structure is unbalanced
- tax rates are difficult to establish

The most serious problem with indexed highway taxes is that they may automatically change tax levels without reference to specific, documented highway needs.

When motor fuel taxes are indexed to the price of motor fuel, state highway programs are no longer related to needs but to prices of petroleum established by foreign governments.

In enacting indexed motor fuel tax measures, state legislatures assume that motor fuel prices change in direct proportion to the costs of the highway program. However, this has not been the case, particularly in 1980, when motor fuel prices have been constant while highway program costs have soared.

And there is no sure way to predict petroleum prices, especially with the instability that characterizes the world's petroleum supply. If highway taxes are indexed to unpredictable motor fuel prices, state highway administrators are unable to estimate future revenues. This difficulty is serious because motor fuel taxes produce two thirds of highway revenues collected by the states.

With taxes tied to economic indices, the public and legislatures lose some control of highway program spending. Program justification is less necessary. Funding adequacy and tax affordability become irrelevant.

Another problem of indexed highway taxes is that they may be difficult to establish and understand. Taxes related to the price of motor fuel are difficult to establish because there is no agreed upon average wholesale or retail price for the various types of motor fuel. Prices change daily, and vary within each state. Depending upon the law, distributors or dealers are required to submit records on price and sales volume for each type of fuel so government officials can compute the prescribed average price per gallon needed to calculate the new tax rate. Distributors or dealers then must use the computed tax rate to calculate taxes due and the taxes to pass on to consumers. Added bookkeeping and confusion may result.

Indexed Motor Fuel Tax Safeguards

To reduce problems, most indexed motor fuel tax measures have incorporated safeguards.

Establishing maximum and minimum limits for the tax rate provides some measure of legislative control of the tax and the highway program.

Retaining the cents-per-gallon tax basis ensures that the administrative burden of tax collection will not be enlarged.

Limiting tax rate changes to once a year will avoid confusion and keep the tax collection burden within reasonable bounds.

While none of the indexed highway tax measures call for periodic legislative review, such a feature might help to ensure that revenues are related to needs and program objectives.

Summary

In summary, the evaluation shows indexed taxes are not a problem-free substitute for the traditional methods of highway finance, based on periodic assessment of highway needs and resources accompanied by legislative review, debate, and action.

\# \# \#

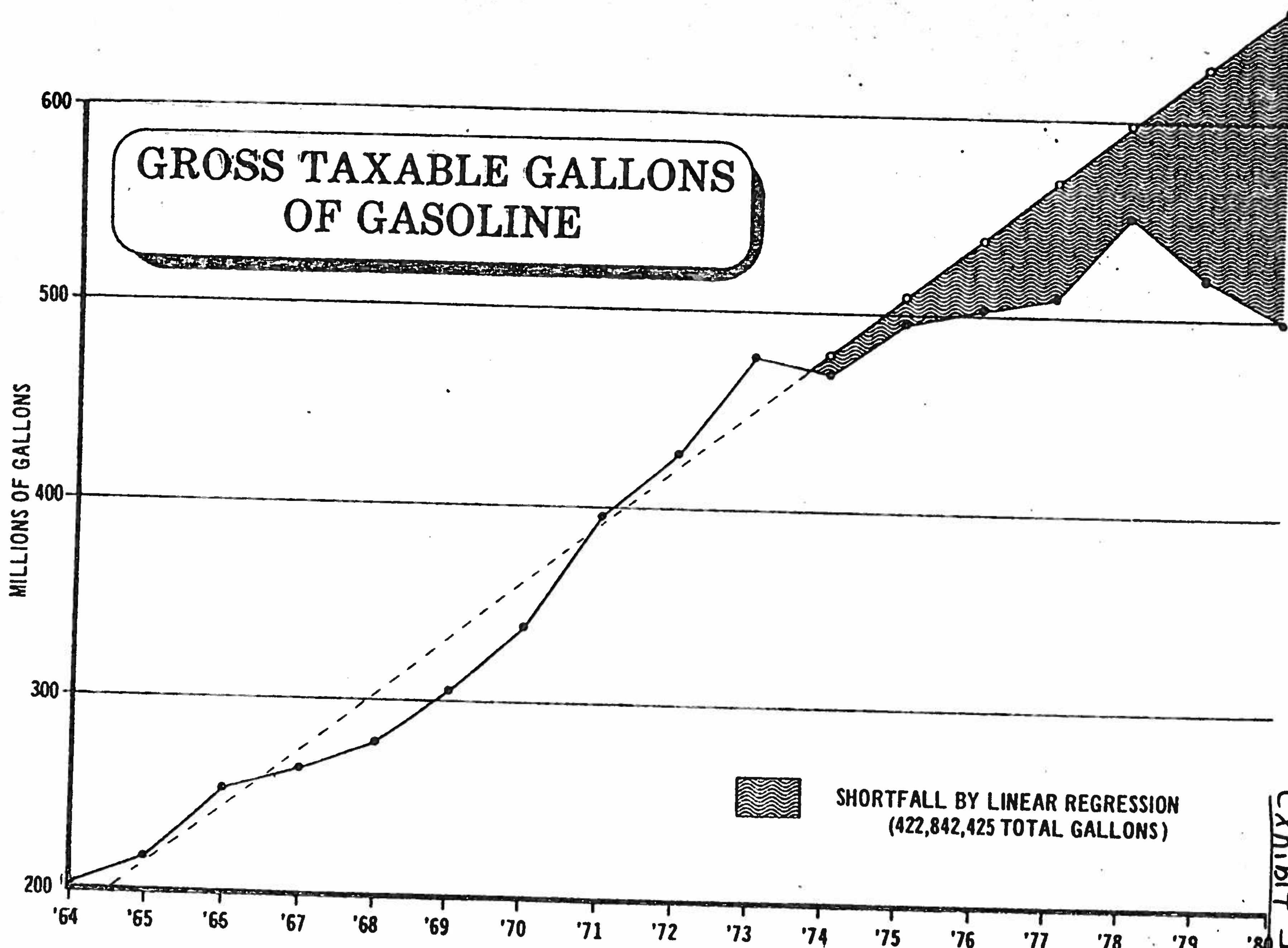

GROSS TAXABLE GALLONS OF GASOLINE
MILLIONS OF GALLONS
600
500
400
300
200
'64
'65
'66
'67
'68
'69
'70
'71
'72
'73
'74
'75
'76
'77
'78
'79
'80
SHORTFALL BY LINEAR REGRESSION
(422,842,425 TOTAL GALLONS)

Exhibit D

Exhibit E

TOTAL STATEWIDE MILEAGE BY REPAIR STRATEGIES

DO NOTHING	1,271	MILES
MAINTENANCE	2,529	MILES
OVERLAY	570	MILES
RECONSTRUCT	596	MILES
TOTAL	4,966	MILES

" PMS " WORK CLASSIFICATION

(1980 STUDY)

TYPE OF WORK REQUIRED	LENGTH	TOTAL ESTIMATED COSTS (MILLIONS)
1. NO WORK REQUIRED AT THIS TIME	1,271	$ 0
2. MAINTENANCE	2,529	5.1
3. RESURFACE, RESTORE OR REHABILITATE (3R)	1,166	222.0
TOTAL	4,966	$ 227.1

Exhibit F

Exhibit G

GAS TAX REVENUE
CLARK COUNTY

incl. LV, NLV, Henderson & Boulder City

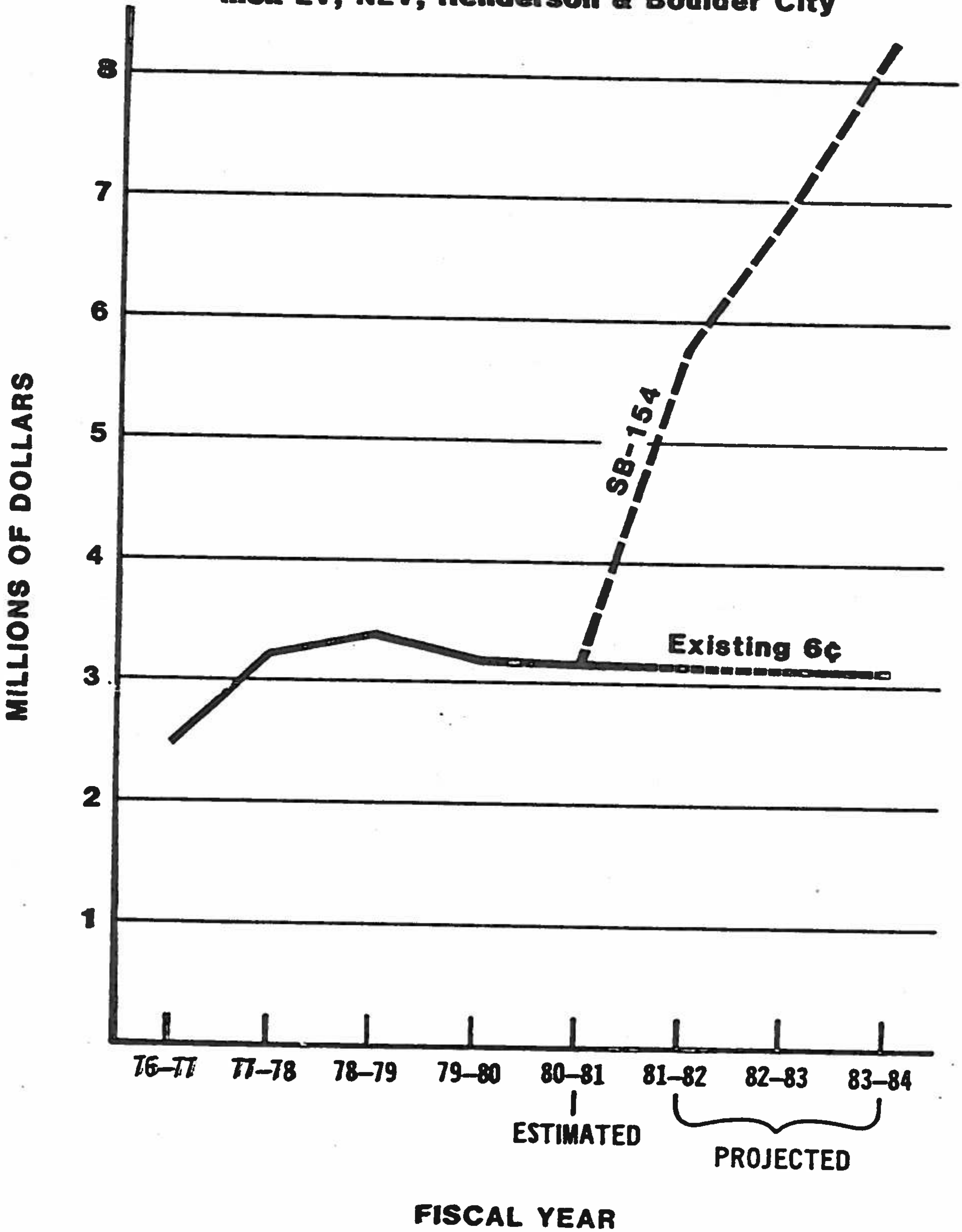
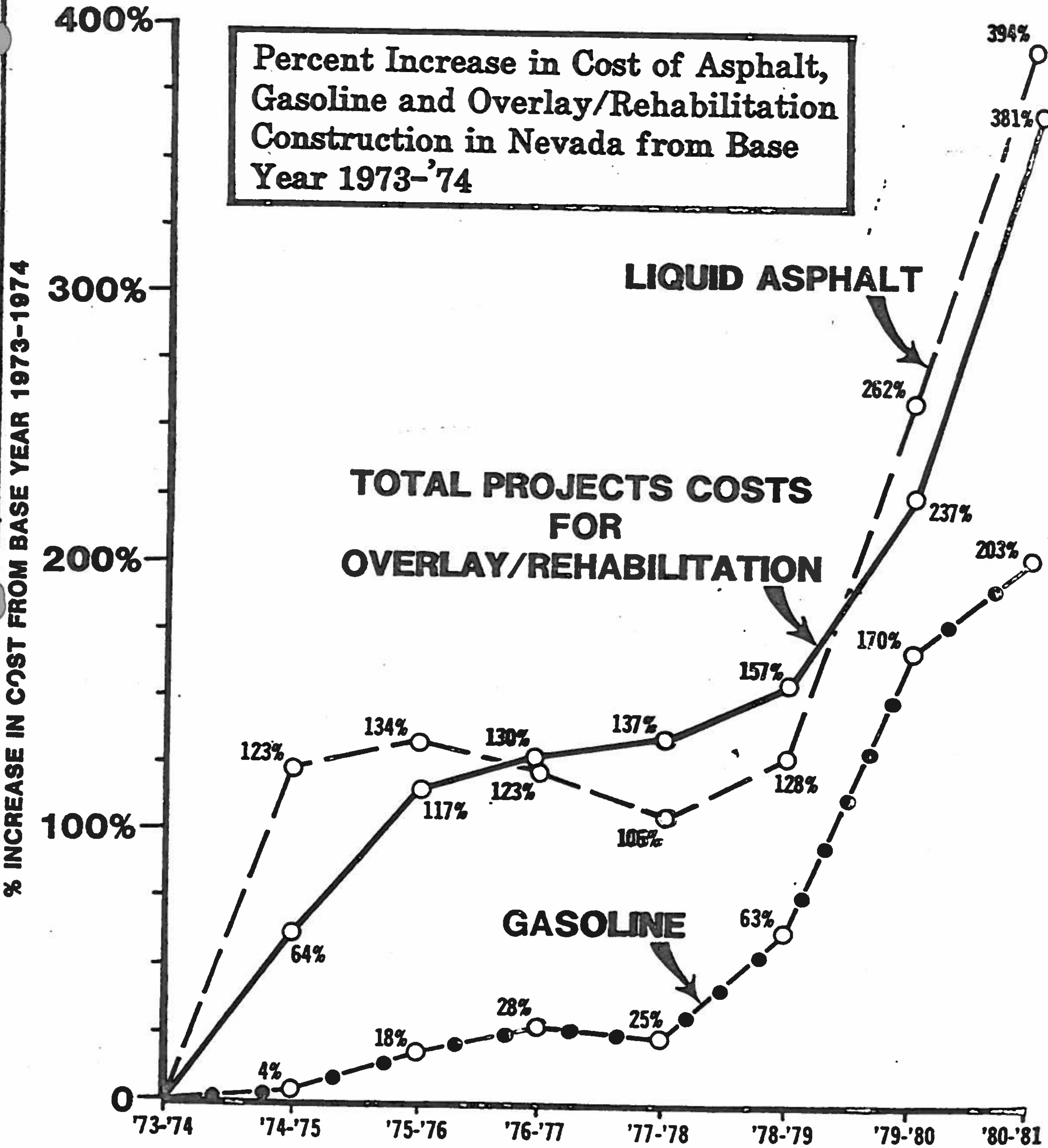


Exhibit H

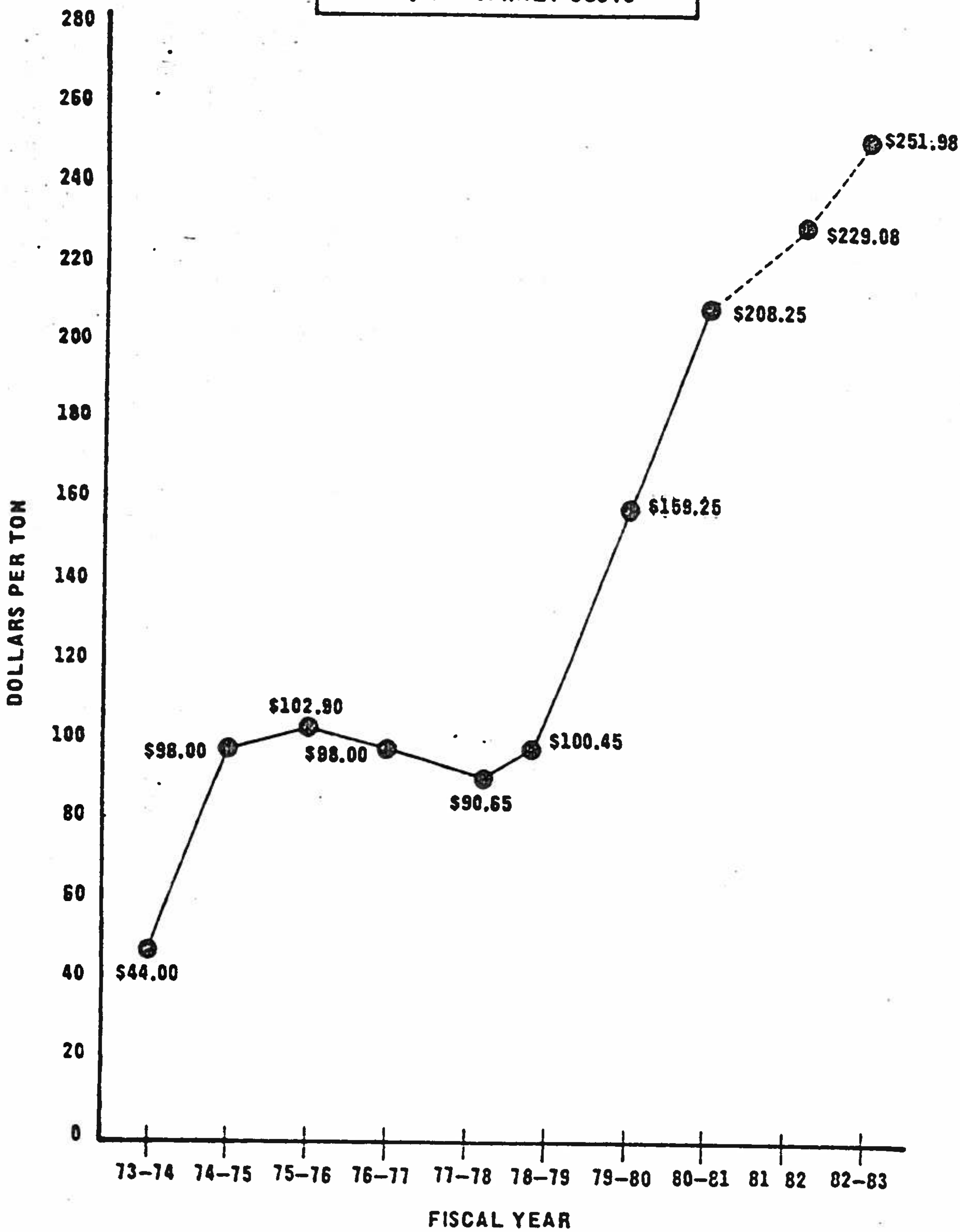


Percent Increase in Cost of Asphalt, Gasoline and Overlay/Rehabilitation Construction in Nevada from Base Year 1973-'74
% INCREASE IN COST FROM BASE YEAR 1973-1974
400%
300%
200%
100%
0
'73-'74
'74-'75
'75-'76
'76-'77
'77-'78
'78-'79
'79-'80
'80-'81
LIQUID ASPHALT
TOTAL PROJECTS COSTS FOR OVERLAY/REHABILITATION
GASOLINE
394%
381%
262%
237%
203%
170%
157%
137%
134%
130%
123%
123%
128%
117%
106%
64%
63%
28%
25%
18%
4%

Exhibit I

MAINTENANCE

LIQUID ASPHALT COSTS



------ DASHED LINE IS PROJECTION ------

Exhibit J 1

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU
LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710

ARTHUR J. PALMER, Director
(702) 885-5627

LEGISLATIVE COMMISSION (702) 885-5627
KEITH ASHWORTH, Senator, Chairman
Arthur J. Palmer, Director, Secretary

INTERIM FINANCE COMMITTEE (702) 885-5640
DONALD R. MELLO, Assemblyman, Chairman
Ronald W. Sparks, Senate Fiscal Analyst
William A. Bible, Assembly Fiscal Analyst

FRANK W. DAYKIN, Legislative Counsel (702) 885-5627
JOHN R. CROSSLEY, Legislative Auditor (702) 885-5620
ANDREW P. GROSE, Research Director (702) 885-5637

February 19, 1981

MEMORANDUM

TO: Senator Richard Blakemore, Chairman, Senate Committee on Transportation

Assemblyman Bob Price, Chairman, Assembly Committee on Transportation

FROM: Fred Welden, Senior Research Analyst FW

SUBJECT: Overview of Changes in States' Laws Relative to Transportation in 1980

The Council of State Governments compiled a summary of relevant changes in state laws concerning transportation in 1980. An overview of these changes is as follows:

Gasoline Tax

- Gasoline tax hikes in 11 states totaled $395 million.
- To compensate for declines in road revenues, percentage gasoline taxes based on the price of gasoline were adopted in Indiana, Kentucky, Massachusetts and Nebraska.
- Flat rate taxes were raised in Alabama, Minnesota, New Mexico, South Carolina, South Dakota, Virginia, Wisconsin and the District of Columbia.

Highway Finance Measures Other Than Hiking Gasoline Tax

- Arizona redistributed 12 percent of the vehicle licensing tax to the highway fund.
- Colorado transferred $57.5 million from surplus funds for road repairs.

- Maine increased driver license fees and made cut-backs to avoid a highway fund deficit.
- Maryland earmarked a portion of the vehicle titling tax and corporate income tax for the transportation trust fund.
- Michigan increased its diesel fuel tax.
- New Mexico earmarked the motor fuel tax for roads and approved severance bonds for roads.
- Oklahoma appropriated $62 million for highways.
- Oregon voted to restrict highway funds to highway uses.
- Pennsylvania approved $95 million in new fees to help make up a transportation deficit.
- West Virginia appropriated $46.5 million for secondary roads.

Measures Related To Trucks

- Big truck bills allowing heavier and/or longer trucks passed in Hawaii, Iowa, Maryland, Pennsylvania and South Carolina.
- Penalties for violations of truck weight laws were increased in Kansas, New Mexico and South Carolina.

FW/llp

NEVADA
DEPARTMENT OF TRANSPORTATION

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION

1263 SOUTH STEWART STREET
CARSON CITY, NEVADA 89712

November 13, 1980

A. E. STONE
Director

IN REPLY REFER TO

The Honorable Robert E. Price
Nevada State Assemblyman
1809 Renada Circle
North Las Vegas, Nevada 89030

Dear Assemblyman Price:

Although I have not had the opportunity to personally meet with you as I have many of your Legislative colleagues, I thought that you would appreciate viewing a summary copy of the Department of Transportation's legislative proposals that are now being written in appropriate language at the Legislative Counsel Bureau. This summary will provide you accurate information on the Department's needs and our suggestions for the avenues to be taken to reduce some of our major problem areas.

If you have any questions or comments I welcome your suggestions.

Sincerely,

A E Stone /cc

A. E. STONE
Director

TT:cc

Enclosure

NEVADA DEPARTMENT OF TRANSPORTATION'S LEGISLATIVE PROPOSALS

The Department of Transportation is providing the following summary on its legislative proposals for the next legislative session beginning January 1981. It is hoped that this will provide you with a better understanding of the needs of the Department and the proposed avenues to reduce the major problems.

Background

The Department of Transportation presently maintains over 5,000 miles of roadway in the State of Nevada. Most of the roads are over 20 years old and their surfaces are deteriorating or have deteriorated. The Department of Transportation has not been able to curb this deterioration due to the lack of available funds. The shortage of money is attributable to the annual 15-20 percent inflation rate experienced by the highway industry over the last decade. Also, the Department revenues have been steadily declining because of conservation programs since the oil embargo in 1974.

Income for the Department is derived from user taxes (gas tax, motor vehicle registration, and motor carrier fees) placed in the State's highway trust fund. The full amount placed into the highway fund, which totaled $88.6 million in fiscal year 1980, is not fully available to the Department of Transportation for its use. Allocations are parceled out to the Department of Motor Vehicles, Department of Taxation, Public Service Commission, Department of Wildlife, counties, incorporated cities, regional transit commissions, and the Civil Air Patrol. The remaining balance is available to the Department of Transportation for its programs which totaled $35.8 million in fiscal year 1980.

In 1980 no funds were available for maintenance resurfacing and now because of inflation it requires at least $20 million to accomplish the same amount of resurfacing accomplished with the $4.3 million in 1972. However, to ensure a minimal maintenance and resurfacing program, the Department needs $28 million each fiscal year not considering inflation. With inflation, a minimum of $29.5 million is needed in fiscal year 1982.

To obtain the needed $29.5 million the Department of Transportation has developed a procedure and it is outlined below.

Gas Tax Increase Proposal

The Department's proposal is a procedure called a sliding cent per gallon tax on the retail price of gasoline which increases the State's 6¢ gas and special fuel taxes for the first time in 26 years.

The sliding cents per gallon scale is based on an 8 percent increase or decrease for each 10¢ change in the retail price of gasoline. The scale uses a base rate of $1.30 retail price of gas and a tax of 10.25¢. Thus for each 10¢ change in the price of gas, the tax increases or decreases 8 percent. Twenty-six years ago the retail price of gasoline was 30¢ plus or minus. The 6¢ tax was 20 percent of the total cost. Even at $1.30 retail, the proposed increase would be less than 10 percent of the total cost.

The attached table will provide you with information on the "Proposed Tax/Gallon Gasoline Under the Retail Sale Price Per Gallon." You will note that the present 6¢ gas tax is disbursed between the State (4.5¢) and counties and incorporated cities (1.5¢: 0.5¢ to counties only and 1¢ to counties and its incorporated cities). The State of Nevada receives the entire 6¢ special fuel tax.

The proposed new taxes will be disbursed between the State, counties, and cities in the same proportions as the existing 6¢ tax (see attached table entitled, "Comparison of Distribution of Existing Tax to Proposed Tax Based on Retail Sale Cost." The highway industry has experienced an annual inflation rate of 15-20 percent over the last decade; the sliding rate should account for 12 percent inflation. This proposed tax increase should generate an additional $21.3 million for the Department and $5.6 million for the counties and cities.

Vehicle Registration

The vehicle registration proposal by the Department of Motor Vehicles would put the State of Nevada slightly below the average of all other States in the United States in vehicle registration fees. The proposal would double the motor vehicle registration and motor carrier license fees. For passenger cars the increase will be from the current $5.50 to $12.00. It is anticipated that the fee increase will generate an additional $8.2 million each year for the Department of Transportation's maintenance and resurfacing program.

Overview

The proposed increase in taxes and fees has been calculated to ensure that the Department does not receive a windfall and only receives enough additional funds to ensure a minimal program. The Transportation Board, consisting of the Governor, Attorney General, and Controller fully support the need and proposed plans to get the additional $29.5 million needed to maintain the State's roads.

These additional funds will not be used for new highway construction.

Presently each penny of gas tax in Nevada produces approximately $5 million. The Federal tax on gasoline is 4¢ per gallon. Nevada sends $20 million each year to Washington, and last year Nevada got back from Washington $119 million for that $20 million. Nevada should get back more than is sent in because Nevada is a bridge state between California and the East. Also, 85 percent of the land in Nevada is owned by the Federal Government. The cost would be too great for Nevada to pull out of the Federal-Aid system. The Department of Transportation would have to go to the Legislature and ask for an additional 24¢ per gallon increase to make up for the $119 million lost.

Below are two other legislative proposals that the Department of Transportation is asking:

Matching Monies for UMTA Project

The Department of Transportation is requesting from the General Fund $1.4 million for matching monies to be used for urban mass transportation projects in the State of Nevada. The lack of ability to match federally funded projects has caused delays for the local and State entities to receive these Federal funds. Highway trust funds cannot be used to match mass transit projects.

Cash Flow

The Department of Transportation's heaviest bill paying months each year are during the months of July, August, September, and through mid-October. Although the Department budgets for this cash outlay, there have been times that cash flow problems arise. When this occurs money cannot be readily obtained to hold the Department over during these months. Therefore, the Department is requesting legislation that will allow the Transportation Board with the approval of the Board of Examiners to borrow from banks, savings and loan, and/or other financial institutions to meet short term requirements.

FUEL TAX INFORMATION

Testimony of the Nevada Department of Transportation indicates a need of $29,500,000 increase per year for the next two years in order to complete necessary maintenance of state highways.

S B 262...............$6,500,000

S B 477...............$2,500,000

(Each cent of tax on gasoline and diesel fuel brings in $5,500,000 annually)

4 ¢ increase of fuel tax............$22,000,000

S B 262 and S B 477.................$ 9,000,000

$31,000,000 annually

SUMMARY OF ACTUAL EXPENDITURES FOR HIGHWAY CONSTRUCTION IN FEDERAL FISCAL YEARS 1974-1979

AREA	FEDERAL FUNDS (1) INTERSTATE	PRIMARY	SECONDARY (2)	URBAN (3)	% OF TOTAL URBAN	OTHER	FEDERAL FUND TOTAL	% OF FEDERAL FUNDING	STATE FUNDED CONSTRUCTION	% OF STATE FUNDING	OVERALL TOTAL	% OF TOTAL
Clark County	$ 16,016,000	$26,102,000	$ 2,374,000	$16,997,000	69.74%	$34,486,000	$ 95,975,000	24.45%	$ 2,209,000	6.70%	$ 98,184,000	23.08%
Washoe County	45,359,000	15,095,000	6,818,000	6,853,000	28.12%	19,893,000	94,018,000	23.95%	3,737,000	11.35%	97,755,000	22.98%
Rural Counties	134,334,000	19,957,000	17,567,000	521,000	2.14%	30,128,000	202,507,000	51.60%	26,992,000	81.95%	229,499,000	53.94%
Total	$195,709,000	$61,154,000	$26,759,000	$24,371,000	100.00%	$84,507,000	$392,500,000	100.00%	$32,938,000	100.00%	$425,438,000	100.00%

(1) Federal Funded Projects for Interstate, Primary, Secondary and Urban categories include all costs charged to preliminary engineering, rights of way, construction engineering and actual construction. Other category includes various other costs related to construction rather than maintenance.

(2) Secondary system funds must be spent in rural areas.

(3) Urban system funds must be spent in urban areas using an allocation according to urban area populations.

HIGHWAY MAINTENANCE EXPENDITURES BY DISTRICT, FISCAL 1975-1980

	TOTAL AMOUNT SPENT	PER CENT SHARE OF TOTAL
District 1 - Clark County Area	$ 17,324,057	16.6%
District 2 - Washoe County Area	34,350,842	33.0%
District 3 - Elko Area	14,752,932	14.2%
District 4 - Ely Area	12,340,590	11.8%
District 5 - Tonopah Area	14,213,240	13.6%
District 6 - Winnemucca Area	11,269,577	10.8%
Total	$104,251,238	100.0%

LANE MILES PER MAN
STATE HIGHWAY DIVISION

DISTRICT	LANE MILES PER MAN
Clark County[1]	50
Winnemucca	49
Elko County	46
Tonapah	41
Ely	37
Washoe[2]	22

[1]Clark County Highway District includes southern portions of Lincoln and Nye Counties. Clark County has 2,280 lane miles, or 62.4% of the lane miles in the District.

[2]The Washoe District obviously has the lowest number of maintained miles per man in the state. Highway Division staff note that this lower level has been defended in the past on the grounds that snowfall in the district increases the amount of necessary maintenance per mile and reduces the amount of time available for maintenance activity.

$1.50-A-Gallon Gas By Year End

United Press International

Exxon USA, the nation's largest gasoline marketer, and four other U.S. refiners raised their wholesale gasoline prices Monday by between a penny and 3 cents a gallon, industry sources said.

The latest price moves followed a five-cent-a-gallon increase by Cities Service Co., which notified major customers late last week it was lifting prices Monday, the sources said. Koch Refinery, based in Wichita, Kan., went up 3 ½ cents a gallon on its wholesale gasoline prices Friday.

"This is the countup toward a possible $1.50-a-gallon price by the end of the year as decontrolled domestic crude oil prices, the new OPEC price increases, and higher refining costs work their way through the system," said Dan Lundberg, publisher of the Lundberg Letter in Los Angeles.

The average U.S. pump price was $1.225 a gallon in December, Lundberg said.

Nevada toll roads may become reality

CARSON CITY (AP) — Toll roads in Nevada? It's a possibility, according to state Transportation-Director Al Stone.

Stone told the Assembly Ways and Means Committee this week that his department is studying the feasibility of collecting tolls on two proposed Nevada freeways — U.S. 395 between Reno and Carson City and Interstate 515 — the "east leg" freeway — between Las Vegas and Boulder City.

He emphasized that the idea is in the study stage. But Stone said that without some new source of funding, the state might not be able to finish the two roads until the year 2000 or beyond.

"The need for these two highways is very apparent, and the fact that we have no funding on the horizon is making us look at other funding alternatives."

$2-a-gallon gas prices predicted

By SUSAN VOYLES

A combination of President Reagan's order to decontrol oil prices and a proposed new state tax gasoline tax could create $2-a-gallon prices for Nevadans sometime this year, possibly as early as this summer, a local industry leader said Wednesday.

But the local economy should profit from Reagan's order to end allocation controls, said Pete Woolley, Nevada Gasoline Retailers Inc. board chairman.

For Woolley, who runs several Shell service stations in Reno, Reagan's lifting of oil prices and gasoline allocation controls Wednesday almost seemed like Inauguration Day all over again.

"What this means to Reno is that tourists can come and go as they please!" Woolley said. "My fondest wish was at least to get the price controls off."

Woolley said he had feared a shortage of gasoline this spring, because refineries are not working at full capacity. However, if there is a shortage now, its impact should be reduced because of the lifting of allocation controls, he said.

Only through a strong coordinated effort among citizens and station owners was a panic situation averted in Reno in the summer of 1979 when a gasoline shortage hit the West Coast, he said.

Ed Vilade, a spokesman for the U.S. Department of Energy, said Woolley's prediction of a $2-a-gallon gasoline by year's end would be "absolutely unjustified."

He said people will refuse to pay that amount, and, if it reached that level, that price would quickly recede.

He foresees gasoline prices rising from eight to 10 cents a gallon in the next eight months because of Reagan's decontrol order.

Meanwhile, U.S. Sen. Howard Cannon, D-Nev., said he believes President Reagan's plan will hurt Nevada's tourism industry, but "a new president should have an opportunity to test his economic theories."

Nevadans also may be hit with the added burden of a new sales tax on gasoline.

Gov. Robert List's proposed plan announced last week would increase taxes by 8 percent for each 10-cent change in the retail prices. If prices rise to $2 a gallon, as Woolley predicts they will sometime this year, that means the tax would increase from six cents to 17.5 cents a gallon — nearly 300 percent

Senate passes sliding scale gasoline tax

By LEE ADLER
Journal Capital Bureau

A bill placing Nevada's gas taxes on a sliding scale was approved by the Senate Friday despite warnings that lawmakers would live to regret their action.

The vote on SB 154, which now goes to the Assembly, was 14 to 4.

Under the proposed arrangement, designed to raise the $21 million said to be needed to repair Nevada's deteriorating roads, the tax on gas would go up as the retail price increases.

The current tax is a fixed six cents per gallon. Under the sliding scale it would go to 10½ cents for gasoline selling between $1.30 and 1.40 per gallon.

This, said Sen. Keith Ashworth, D-Clark, is still less than what is being paid in surrounding states and below the national average of 13 to 14 cents per gallon.

"We have a multibillion-dollar road system," said Sen. Richard Blakemore, D-Tonopah, "and if we don't try to maintain it we're going to lose it."

While agreeing with Blakemore's premise, Sen. Jim Bilbray, D-Clark, said he opposed the amount of the increase.

"I don't believe we need a sliding scale," said Bilbray, who added that a 11 cent tax limit would have been "reasonable."

Bilbray predicted, "What we're doing to the people of this state in this particular package is going to come back and haunt everyone who votes for it."

The bill has been amended in recent days to provide that the tax climb no higher than 17.5 cents per gallon.

Another amendment says that future increases in federal motor vehicle tax should not be considered in computing the base price of a gallon of gas.

Still another change, designed to discourage court cases, provides that if anyone successfully challenges the sliding scale concept, the gas tax will automatically go to the highest possible amount.

Auto Traffic To LV Up 13.6%

By CLAUDIA C. COLLINS
Times Staff Writer

While gaming revenues and airline passenger traffic in Southern Nevada were crashing during the first quarter of 1981, automobile traffic from Southern California to Las Vegas increased 13.6 percent.

Passenger traffic at McCarran Airport was down 14.4 percent in the first quarter. That means 400,000 less people traveled through Las Vegas by air in the period than last year.

That had a snowball effect and led to a $10 million decline in first quarter gaming revenues for Las Vegas.

"Southern California provides more than 30 percent of our visitors and an additional $200,000 has been allocated to increase advertising there," said Rossi Ralenkotter, Marketing and Tourism Director for the Las Vegas Convention and Visitors Authority.

The second quarter of 1981 is nearly half over, but Ralenkotter isn't making predictions about how Las Vegas will fare.

"There are a lot of variables affecting the marketplace, especially the cost of travel and inflation, and we're in a very volatile market situation," he said.

He emphasized that convention attendance has been good and should remain so, "but uncertainty is altering recreational travel plans people are making decisions at the last minute."

Trying to convince Southern Californians to visit Las Vegas over the Memorial Day weekend or in the normally slow month of June is the aim of the recently approved $200,000 LVCVA advertising campaign.

That additional money will be spent in San Francisco and Southern California in four weeks, beginning the week before Memorial Day weekend.

"We want to build up a good base in June which is normally slow and have some carryover in the beginning of the fiscal year in July," said Herb Lebitter, LVCVA Director of Advertising.

He pinpoints high airline rates as a major factor in sagging tourism figures, saying the increase in automobile traffic from Southern California indicates the market is still there.

The Southern California tourist market has been the target of other advertising campaigns recently.

Tourism in Hawaii was down 20 percent last year and 12 percent for the first quarter of this year.

Hawaii has just finished a six week, $800,000 advertising blitz in Southern California.

Tuesday, May 12 1981 THE VALLEY TIMES Section A, 5

760

Gas Tax 'Blackjack' Clause Fuels Controversy

CARSON CITY (AP) — Motorists questioning the legality of a plan to let state gasoline taxes fluctuate with pump prices could be slapped with a huge per gallon levy if their lawsuit won, under an amendment endorsed 11 to 7 by the Senate Wednesday.

The bare majority was achieved despite objections from Senator Virgil Getto, R-Fallon, that the clause amounted to "blackjacking" people who might want to challenge the tax hike.

He was backed by Senator Jim Kosinski, D-Sparks. The two had aired similar comments when the Senate Taxation Committee voted 4 to 2 yesterday for the amendment to SB164.

The clause would probably deter major trucking interests from fighting the gas tax hike, but any "irresponsible" lawsuit from a private citizen could cause all Nevadans to suffer under exorbitant gas levies, Kosinski said.

The gas tax plan enables state fuel taxes to climb to 17½ cents per gallon if pump prices go as high as $2 per gallon. The current tax is 6 cents per gallon.

The "sue and pay more" clause would automatically slap on a maximum 17½ cent per gallon gas tax if the floating rate is successfully challenged in court.

The legal argument against the sliding scale is that it would appear to unconstitutionally delegate the Legislature's taxing authority to the state Taxation Department, which would conduct periodic surveys of pump prices in setting the tax.

But Sen. Bill Raggio, R-Reno, and other amendment backers said they have to make sure the gas tax plan doesn't collapse in court, because the revenues are vital to Nevada's highway system.

State Transportation Department officials say without the tax hike, another 570 miles of Nevada roadways will join the 600 miles already crumbled so badly they must be rebuilt. The state is planning a 12-year highway maintenance program — to begin with $227 million worth of repairs over the next biennium.

Two other amendments to make sure taxation officials don't put a "tax upon a tax" were also adopted by the Senate. The clauses require taxation officials to discount both state and federal taxes when calculating how high the gas tax should float.

Motorists pay a 4-cent federal gas tax, in addition to state levies. And some lawmakers say they expect the federal tax to climb substantially under the Reagan administration.

10, Section A THE VALLEY TIMES Thursday, April 30, 1981

AS WE SEE IT

Gas Tax 'Blackjack' Bill Outrageous

The more we stop to analyze what our legislators are doing to us in Carson City, the more we wonder if most of them have not gone stark-raving mad.

It's bad enough to realize that they let Gov. Robert List intimidate them into scrapping a reasonable and workable tax system that has served this state well for upwards of a century.

We have a hunch that the shift from property to sales tax could mean the end of a number of political careers once the public realizes that it is going to be paying more for almost everything it buys.

Of one thing we're sure. Gov. List will be on the defense, trying to explain away the sales tax, for the rest of his term.

ANYWAY, if that were not enough, the State Senate Wednesday passed what must be the most outrageous bill to come from any Legislature anywhere in the nation in years.

The Senate passed a "sue and pay more" amendment to its gas tax increase bill.

A little background.

The current gas tax is 6 cents a gallon. That seems to have been adequate to take care of our roads and highways in the past. But, with higher prices at the pump, gas tax revenues have fallen off.

In any event, more and more money — upwards of $200 million over the next two years — is needed to maintain our roads, we are told.

UNDERSTANDABLE, you say, that the state gas tax should be increased. Absolutely necessary, was the story bought by the Legislature.

Unfortunately, the Legislature is socking it to Nevadans not by merely adding a few cents on the gas tax, but with a plan for a floating gas tax hike. In other words, the gas tax will continue to rise automatically as gas prices increase.

The tax will go to a frightening 17½ cents per gallon if gas prices hit $2 per gallon.

That's not legislation designed to protect the taxpayer. It's legislation for which there can be absolutely no justification except that it will make it unnecessary for the lawmakers to face up to the issue in the future.

IT IS A BLANK check given to the roadbuilders, whether the money is needed or not.

As far as we know there is not a shred of responsible research to show that an increase in gas prices automatically necessitates higher gas taxes.

If ever a bill deserved to be defeated because of its basic unfairness to the taxpaying public and because it opens the door for unnecessary over-taxation, then the "floating gas tax" plan is it.

But the topper is yet to come.

Indeed, it is a blackjack threat that has passed the Senate because of the sheer arrogance of our legislators.

BECAUSE the legislators are questioning the legality of their own fluctuating gas tax plan, the Senate amendment threatens Nevadans with a higher per gallon gas tax if the new law is challenged in the court and deemed to be unconstitutional.

In other words, the lawmakers are saying, don't challenge our new law because if it fails you'll automatically trigger a 17½ cents per gallon tax.

Well, we can tell the legislators right now that kind of a bullying, threatening law won't stand up in court either. Nevadans will rebel.

THE LEGISLATORS somehow forget that they supposedly are elected to represent the people — to give us those laws we absolutely must have, but to do their best to be sure our laws and our taxes are sound and reasonable, and to protect us from the bureaucrats.

The current legislature has gone so far afield from that charge, in so many ways, particularly taxation, that if the public ever realizes how it has been zapped, not a single legislator will be reelected.

We can't help but wonder what comes over the men and women we elect once they get to Carson City? They seem to lose all sense of reason.

The floating gas tax and the gas tax blackjack bill are two prime examples. They're outrageous alright. They're more than that. They're downright discouraging to anyone who wants to have faith in good government at the state level.

Opinion

Nevada State Journal

111th Year — No. 160

Winner of The Pulitzer Prize for Editorial Writing

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Robert L. Kuntz .... Circulation Director | Jack Skinner .... Advertising Director

4—Friday, May 1, 1981

Editorials

Fuel tax ceiling amendment proper

The state Senate has voted to put a ceiling on the sliding gasoline tax being proposed by the state Department of Transportation. That was a good decision.

Such a lid is needed as a sensible control on taxation and to prevent the tax measure from yielding revenues in excess of the department's needs.

Those needs are substantial, to be sure. Nevadans who drive their highways these days can readily see how sadly some have deteriorated in recent years as a result of higher gasoline prices and resulting lower travel rates, and as a result of sharply-escalating road repair costs.

Department officials report that the cost of needed backlogged road repair work is running in the neighborhood of a quarter of a billion dollars. Since there is no other feasible way to raise this revenue other than through user taxes, its sliding proposal for increased fuel taxes and additional vehicle fees are needed to provide enough money to put the roads in good shape and keep them there.

Department officials are expecting, through this proposal, to raise some $30 million more per year — funding sufficient to bring the repair schedule back into good order over the next dozen years and to cope with inflation.

It would be folly, indeed, if Nevadans did not go along with this general plan, for the highways are of critical importance in supplying their transportation and economic needs. Many Nevada communities rely exclusively on trucks for their their goods, and the tourist industry depends to a great extent on good highways for its health.

Failure to provide routine maintenance poses the threat of much more expensive damage to the state's multi-billion-dollar highway system.

The Senate was wise enough to put a ceiling on the amount of taxation that can be imposed through the sliding scale, for it could get out of hand if not controlled.

Overtaxation could result if fuel prices escalate enough, and if highway travel — and gasoline sales — pick up again in the future, as some knowledgeable Nevadans are predicting.

Already, there are those who believe that gasoline prices will reach $2 a gallon in Nevada by the end of the year, putting the fuel tax at 17.5 cents per gallon — the limit proposed by the Senate.

At that rate, it is possible to envision a Transportation Department developing more revenue than it needs for the maintenance task that is before it.

Perhaps, in fact, the Legislature should consider a lower ceiling, or even one that slides up and down with the maintenance funding needs of the department.

As is the case with any government agency, Transportation should not be provided with more money than it needs to get the job done.

8B—Las Vegas Review-Journal—Monday, March 30, 1981

Opinion

Gasoline tax hike a necessary evil

We hate to be the bearer of bad tidings, but this thing has got to be said. There is just no way the state can avoid a large increase in the gasoline tax.

Our roads are in terrible shape, and revenues from the current gasoline tax have fallen at the same time the cost of road maintenance has risen sharply. There's just not enough money in the till to pay for the necessary repairs.

We've been spoiled in Nevada for years. Our current gasoline tax of 6 cents per gallon has remained steady since 1954, and is the lowest in the nation except for oil-rich Texas. But 6 cents buys a lot less today than it did 27 years ago.

The Legislature is now considering a bill which would set the gasoline tax on a sliding scale. Under SB154, the tax would rise along with the price of gasoline. With gasoline selling between $1.20 and $1.30 a gallon, that means the gas tax would rise to 9.5 cents per gallon. If, God forbid, gasoline ever reaches $2 a gallon, the tax would rise to 13.13 cents per gallon.

Under such a system, the revenue from the gasoline tax will rise along with inflation, ensuring that the state will always have sufficient funds for highway repair. We believe it's a good solution to a politically difficult problem.

Of course, certain public leaders will decry a gasoline tax hike as just another attempt by the government to unfairly rob the people. But in reality, the gasoline tax is the fairest type of tax yet invented by man — a user tax. All revenues from Nevada's gasoline tax are spent on highway repair and construction, so only those who use our state roads are asked to pay for their upkeep.

But critics of SB154 are not without some ammunition. The bill mandates no increase in the tax on diesel fuel, even though users of diesel cause far more road damage per vehicle than do gasoline-powered vehicles. This is more than an oversight — lawmakers have been reminded often of this shortcoming in the bill, but have refused to amend it. Perhaps the trucking industry has again been flexing its considerable muscle in Carson City.

City Commissioner Ron Lurie has also been attempting to flex his muscles in Carson City, but so far he has been less successful than the truckers. He is lobbying for an additional 2-cent-a-gallon increase in the gasoline tax to fund projects for the Regional Transportation Commission, of which he is a member.

We sympathize with Lurie's arguments. The RTC is in the same tough position as the state, — as gasoline sales have dropped, so has RTC income from its portion of the gas tax. Like the state, it too needs a renewed funding base.

But we urge the Legislature to turn down Lurie's appeal. Since the 2-cent increase would be paid by Clark County residents, they should have the final word on whether it should be levied. The county has the right to hold an election seeking voter approval for the hike, and should do so.

Editorial

Gas tax decision should be favorable

Nevada Department of Transportation officials continue to press the Legislature for increases in gasoline and vehicle registration taxes.

Legislators should act favorably — and soon — so that the department can get on with the much-needed business of attacking a huge backlog of highway maintenance requirements.

As a result of increased maintenance costs and reduced revenues, the state's highway system is in terrible shape and getting worse. If the trend continues, some of our highways will become gravel roads. Some sections are close to that point already. With its heavy reliance on highways, Nevada cannot permit that to happen. The Transportation Department's new tax plan appears to be the only answer.

Revenues from the state's six-cents-per-gallon fuel tax have been falling due to reductions both in highway traffic and gasoline sales.

But maintenance expenses have been rising rapidly. Since the Arab oil embargo in 1973, the cost of asphalt, now consuming about 35 percent of the department's maintenance budget, has risen from $44 a ton to $240.

So painful has the funding squeeze become that the department today is having difficulty meeting its payroll. Since last July, 110 job openings which should be filled have gone unfilled because there is not enough money to pay the salaries.

As a consequence of this, service has been deteriorating. The department has found it necessary to close several rest areas, to stop its trash collections and to impose other economies.

More deterioration of service can be expected, since the department has found it necessary to halt all personnel training. With its high personnel turnover rate, the department is developing a continually higher level of untrained staff members. This certainly means that maintenance, as well as other services, will diminish.

The highways already have deteriorated alarmingly. Of about 5,000 miles in the system, only 1,305 miles currently can get along with normal maintenance. More than 2,500 miles are in need of "heavy maintenance," including patching and sealing of cracks. Some 570 miles need new surfacing, and about 600 need complete reconstruction.

Maintenance work needed to bring the system up to date would cost some $227 million at today's prices, and at least 11 percent of the mileage now in need of resurfacing is shifting annually to the need for total reconstruction.

Obviously, if this trend continues, both roads and maintenance will continue to deteriorate, and Nevada's system eventually will reach the kind of quality prevalent back in Model T days.

Nevada must avoid this at all cost. Good highways are extremely important in this state for a number of reasons, including the health of its top industry.

Tens of millions of tourists visit the state each year, a large percentage of them by highways. Tourist traffic from this source is apt to diminish in direct proportion to the degree that the highways deteriorate.

The same can be said for the truck traffic on which most Nevada communities are dependent for all of their heavy transportation needs, as well as for the considerable amount of interstate truck traffic which traverses this state, contributing importantly to the state's economy and to its highway fund revenue.

Heavy losers, too, would be the thousands of Nevada motorists who travel in the state.

Such difficulties can be avoided if the government accepts the proposed tax package, which includes a sliding gasoline tax rate that would see the present six-cents-per-gallon rate increase to 9½ cents per gallon at the present cost of fuel, and would see the annual state car and motorcycle registration fee climb from $5.50 to $12, along with comparable rate increases for trucks.

It is estimated that this would provide enough additional revenue to allow the department to catch up with the maintenance backlog over the next 12 years, inflation factor included.

It is not too much to ask. At its present rate, Nevada's fuel tax is the lowest in the nation. Most of the others are up well over 10 cents, including neighboring Utah, Idaho and California.

And, while all other states have been steadily hiking their tax rates upward, Nevada's has remained at the same bargain level for the past 27 years.

Opinion

Nevada State Journal

111th Year — No. 133

Winner of the Pulitzer Prize for Editorial Writing

Saturday, April 4, 1981

F.Y. 1981-82 & 1982-83
PROPOSED HIGHWAY CONSTRUCTION PROJECTS (COSTS IN $M)
(SUBJECT TO AVAILABILITY OF FUNDS)
(State F.Y. July thru June)

5-7-81

765

COUNTY	CC	CH	CL	DO	EL	ES	EU	HU	LA	LN	LY	MI	NY	PE	ST	WA	WP	TOTAL F.Y.
INTERSTATE 1982		0.09	48.1						3.9					15.3		3.0		70.39
1983			50.3					4.5						7.7		2.6		65.10
TOTAL INTERSTATE		0.09	98.4					4.5	3.9					23.0		5.6		135.49
PRIMARY 1982		5.1	21.3									3.3				4.2		33.70
1983			16.0			4.1						4.7						24.80
TOTAL PRIMARY		5.1	37.3			4.1						8.0				4.2		56.70
SECONDARY 1982			0.1		1.7		2.4			2.4				1.3		0.36		8.26
1983			3.4									1.0						4.40
TOTAL SECONDARY			3.5		1.7		2.4			2.4		1.0		1.3		0.36		12.66
URBAN 1982			5.1															5.1
1983			4.7		0.06													4.76
TOTAL URBAN			9.8		0.06													9.86
R.R.R. 1982	0.8		7.6	3.2		3.9				4.4	2.1					12.5		54.50
1983		5.5			8.9					3.2		1.6	7.2				7.2	33.60
TOTAL R.R.R.	0.8	5.5	7.6	3.2	8.9	3.9				7.6	2.1	1.6	7.2			12.5	7.2	88.10
SAFETY/TRAFFIC OP/ETC 1982			4.3	0.88	10.6			0.28	0.13	0.08	0.3					0.27		16.84
1983					0.89					0.54	0.4							1.83
TOTAL			4.3	0.88	11.49			0.28	0.13	0.62	0.7					0.27		18.67
GRAND TOTAL	0.8	10.69	160.9	4.08	22.15	8.0	2.4	4.78	4.03	10.62	2.80	10.6	7.2	24.3		22.93	7.2	303.48

(3R) Resurface Reabilitate Restore

Intersection Improvement, signal etc. Hazard Elimination

Exhibit K

REGIONAL TRANSPORTATION COMMISSION

CLARK COUNTY NEVADA

William E. Buxton
Acting Managing Engineer

COMMISSIONERS

Ron Lurie, *Chairman*, City of Las Vegas;
Mary Kincaid, *Vice-Chairman*, City of North Las Vegas;
Manuel J. Cortez, Clark County; Al Levy, City of Las Vegas;
John S. McEwan, City of Boulder City;
Richard J. Ronzone, Clark County; LeRoy Zike, City of Henderson.

REGIONAL TRANSPORTATION COMMISSION

MEMBERS OF THE NEVADA LEGISLATURE

The Regional Transportation Commission was created in 1965 by an ordinance adopted by the Clark County Board of Commissioners. The original ordinance provided for one cent a gallon tax and this tax was increased to two cents effective September 1, 1969. This tax presently generates approximately 4.8 million dollars. The construction of the projects shown in blue has been financed by the Regional Transportation Commission. These projects serve the motoring public in Southern Nevada. Included in these projects are signal systems at selected intersections to provide more efficient and safer traffic movement.

The Regional Transportation Commission has sold Highway Improvement Revenue Bonds to provide the construction funds for the above projects. The interest rate paid on these bonds is well below the present inflation rate which helped to construct more miles of roadway at a lessor cost to the public. The facilities were open to the public during the bond redemption period.

Presently, the Regional Transportation Commission cannot sell additional revenue bonds without an additional source of revenue. The Regional Transportation Commission has sold 35.5 million dollars in bonds to date. This does not include the bonds sold prior to 1976 which were refinanced by a bond sale in 1976. The bond redemption costs are approximately equal to the existing revenue.

The Regional Transportation Commission unanimously adopted a phase one and phase two priority list on July 22, 1980. The total funding required to complete these projects is $124.6 million in 1980 dollars. Phase one accounts for $45.2 million leaving $37,350,000 worth of projects that cannot presently be constructed without additional funding. These projects are shown in red on the map and are listed below:

The Regional Transportation Commission Technical Committee has submitted the following as the recommended Phase I priorities.

PROJ. NO.	PROJECT NAME	LIMITS	ESTIMATED COST (1980 Dollars)
2a (Funded)	Eastern Avenue Surface Rehabilitation	Bonanza Road to Owens Avenue	350,000
3k (Funded)	Maryland Parkway Surface Rehabilitation	Stewart Avenue to Owens Avenue	250,000
8e	Sunset Road	Eastern Avenue to Mountain Vista Street	2,000,000
8f (Funded)	Sunset Road	Boulder Highway to Haren Drive	600,000
10b	Rainbow Boulevard	Flamingo Road to Sahara Avenue	2,500,000
15b (Funded)	Gibson Road	Warm Springs Road to Boulder Highway	1,900,000
16e	Carey Avenue	Clayton Avenue to I-15	1,400,000
18a	Bonanza Road	Eastern Avenue to Nellis Boulevard	6,300,000
21a	Highland Drive	Charleston Boulevard to Carey Avenue	3,000,000
24f/24h	Pecos Road	Charleston Boulevard to Las Vegas Boulevard South	7,500,000
28b	Nellis Boulevard	Flamingo Road to Las Vegas Boulevard North	9,000,000
33a (Funded)	Jones Boulevard	Spring Mountain Road to Charleston Boulevard	2,600,000
33a	Jones Boulevard	Spring Mountain Road to Tropicana Avenue	1,900,000
34e	Swenson Street	Airport to Tropicana Avenue	3,750,000

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NO.	PROJECT NAME	LIMITS	ESTIMATED COST (1980 Dollars)
35b (Funded)	Losee Road Phase II	Cheyenne Avenue to Craig Road	2,000,000
48a (Funded)	Lake Mead Boulevard	Sloan Structure	200,000

The Phase I projects are estimated to cost $45,250,000 in 1980 dollars.

The remaining projects on this list are Phase II and are as follows:

2k	Eastern Avenue	Warm Springs Road to Sunset Road	1,350,000
4g	Owens Avenue	Pecos Road to Nellis Boulevard	4,750,000
5e	Cheyenne Avenue	Las Vegas Boulevard North to Nellis Boulevard	1,750,000
6e	Tropicana Avenue	Torrey Pines Drive to Rainbow Boulevard	550,000
6f	Tropicana Avenue	Paradise Road to Las Vegas Boulevard South	1,000,000
7e	Decatur Boulevard	Spring Mountain Road to Tropicana Avenue	2,335,000
15b	Gibson Road	Pacific Avenue to State Highway 41	1,860,000
16d	Carey Avenue	Rancho Road to Clayton Avenue	1,775,000
16f	Carey Avenue	Pecos Road to Nellis Boulevard	2,615,000
17a	Smoke Ranch Road	Jones Boulevard to Rancho Drive	1,800,000
18b	Bonanza Road	Nellis Boulevard to Sloan Lane	2,615,000
21c	Highland Drive	Craig Road to Cheyenne Avenue	1,170,000
23b	Flamingo Road	Valley View Boulevard to Rainbow Boulevard	7,260,000

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REGIONAL TRANSPORTATION COMMISSION

PROJ. NO.	PROJECT NAME	LIMITS	ESTIMATED COST (1980 Dollars)
24b	Pecos Road	Flamingo Road to Sunset Road	2,000,000
25a	Craig Road	I-15 to Las Vegas Boulevard North	2,500,000
25b	Craig Road	Rancho Drive to I-15	8,650,000
28j	Nellis Boulevard	Las Vegas Boulevard North Craig Road	250,000
33c	Jones Boulevard	Smoke Ranch Road to Rancho Drive	3,850,500
34d	Swenson Street	Karen Avenue to Sahara Avenue	1,750,000
37a	Rancho Drive	Sahara Avenue to Charleston Boulevard	979,800
42a	Michael Way	Decatur Boulevard to Vegas Drive	1,345,000
46a	Warm Springs Road	Lake Mead Drive to Pueblo Place	650,000
No Number	Mojave Road	Washington Avenue to Charleston Boulevard	2,808,000
No Number	Stewart Avenue Reconstruction	28th Street to Nellis Boulevard	6,537,800
No Number	Sahara Avenue	Paradise Road - Las Vegas Boulevard Overpass	17,160,000

The Phase II Projects are estimated to cost $79,311,100 in 1980 dollars.

As shown on page number 7, gasoline tax revenue is presently decreasing due to two factors: 1) use of more fuel efficient vehicles and 2) changes in public driving habits. With this decrease in consumption, revenues are also decreasing while the cost of materials and services increasing at approximately twenty percent.

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REGIONAL TRANSPORTATION COMMISSION

Southern Nevada is presently experiencing a rapid growth rate, 49.6% in the ten years between 1970 to 1980. This growth is taxing our existing facilities and the level of service to the motoring public will rapidly deteriorate without additional improvements to relieve the traffic congestion.

WHAT DOES THE FUTURE HOLD

The cash flow for the Regional Transportation Commission will fall to an $800,000 minimum in July, 1982 given our present construction projections. This can quickly be eroded by inflation and unanticipated project cost changes.

Our present bonding capacity is exhausted. Revenue will meet bond redemption only. Without additional revenue, no new construction is possible in the near future.

The attached bonding analysis prepared by Burrows, Smith and Company of Nevada, shows that the Regional Transportation Commission cannot sell additional bonds for capital improvements. Also shown are potential impacts imposed by changes to the fuel tax structure on bonding capacity.

The Regional Transportation Commission adopted a resolution on Thursday, March 12, 1981 requesting the Nevada State Legislature to consider increasing revenues through motor fuel taxes to provide the necessary funding for roadway improvements. The revenues generated by this increase should be EQUIVALENT to at least a two cent per gallon tax increase on motor vehicle fuel imposed in a manner consistent and appropriate.

It is our understanding that the Regional Transportation Commission of Washoe County is faced with the same funding problem.

771

We therefore request that additional revenue be generated by a motor vehicle fuel tax to provide the Regional Transportation Commission with the funding resources necessary to maintain a viable construction program to serve the motoring public.

Municipal Financial Consultants
Tax Free Bonds Since 1899
Executive Center West #450
1455 East Tropicana Avenue
Las Vegas, Nevada 89109
Telephone (702) 733-3980
and
Suite 1003 Kearns Building
Salt Lake City, Utah 84101
Telephone (801) 355-6700

Burrows, Smith and Company
of Nevada

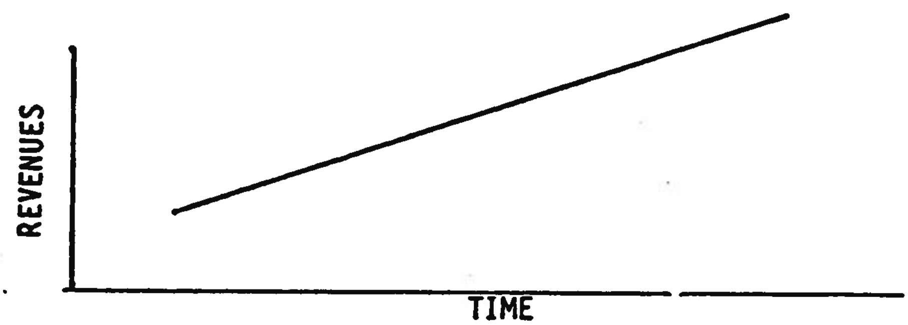
MEMO

TO: Regional Transportation Commission of Clark County

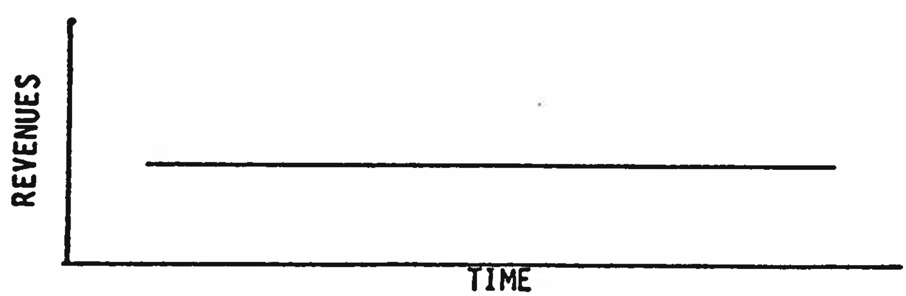
FROM: Henry L. Chanin

RE: Financing of Additional Projects and Proposed Fuel Tax Increases

As orginally conceived, the Regional Street and Highway Commission and the associated financing mechanisms provided in Nevada law were intended to provide for an on-going program of improving arterial roadways within Clark County. With steady increases in population and economic activity, the revenues projected to be received by the Commission and the ability of the Commission to raise capital by the sale of bonds secured by such revenues might have been graphically stated as follows:



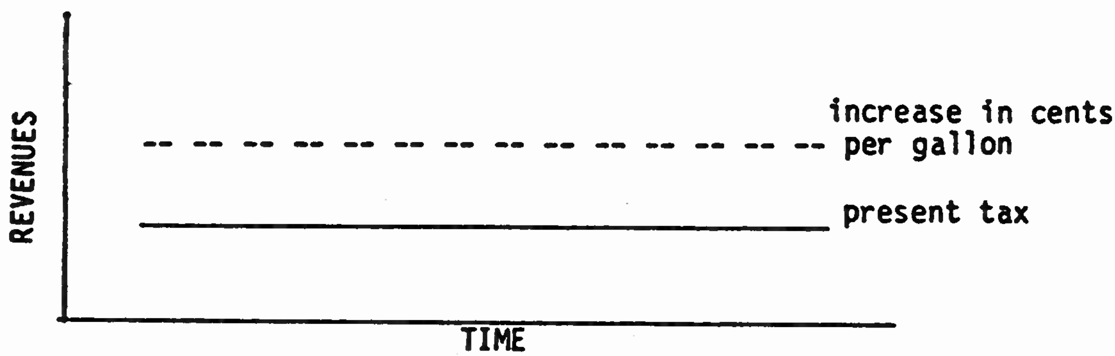
As a result of the energy crisis and all of its ramifications, increases in population and economic activity which in the past resulted in increased fuel consumption have been off-set by the improved efficiency of the vehicle fleet and voluntary conservation. At present, under the existing tax structure, the revenues projected to be received by the Commission for its programs may be graphically stated like this:



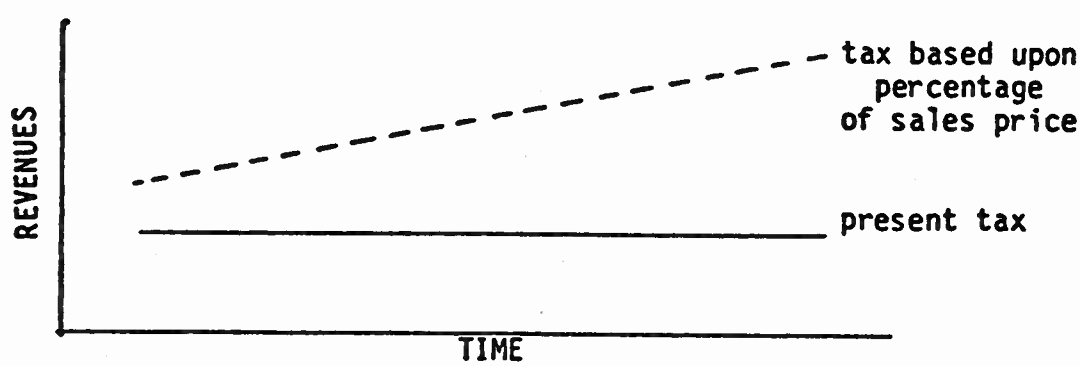
The Regional Transportation Commission of Clark County is not bankrupt. But the flattening of the revenue curve has eliminated the ability of the Commission to raise capital by the sale of additional bonds. Any such attempted sale at the present time under the existing tax structure would impair the Commission's operating funds, jeopordize the A-1 bond rating assigned to the bonds in the past, and require an exorbitant rate of interest in an already difficult market.

Several proposals for changes in the existing fuel tax laws may be considered by the 1981 Nevada State Legislature.

An increase in the present 2¢ county tax to some greater number of cents per gallon will increase future revenues and therefore increase bonding capacity, but once the Commission has used that bonding capacity, there will be a return to the present circumstances.



Alternately, a change in the computation of the tax to one based upon a percentage of the retail or wholesale sales price per gallon would also increase future revenues and bonding capacity, but, assuming an increase in such sales price over time, the result would be a return to a secure, permanent and on-going funding base for the Regional Transportation Commission's street and highway program.



The following table presents rough estimates of the additional bonding capacity that would result from the various options which the Legislature may consider.

	Excluding Diesel Fuel	Including Diesel Fuel
No change	-------	$ 5,000,000
1¢ increase *	$11,000,000	$15,500,000
2¢ increase *	$21,500,000	$27,500,000
DOT sliding scale applied to present 2¢ **	$33,000,000	$43,000,000

* Assuming no increase in either 1/2¢ or 1¢ state tax with which bonds are additionally secured

** Assuming increase in 1/2¢ and 1¢ state as provided in DOT proposal; bonding capacity would increase further over time

REGIONAL TRANSPORTATION COMMISSION
OF
CLARK COUNTY

RESOLUTION NO. 42

A RESOLUTION REQUESTING THE SIXTY-FIRST SESSION OF THE NEVADA LEGISLATURE TO ENACT LEGISLATION TO AMEND CHAPTER 373.070 OF THE NEVADA REVISED STATUTES.

WHEREAS, Chapter 373 of the Nevada Revised Statutes provides for the improvement of local roadways by permitting the imposition of certain taxes upon motor vehicle fuels by boards of county commissioners; and

WHEREAS, Chapter 373 provides for the creation of Regional Transportation Commissions to recommend to boards of county commissioners the beneficial use of the proceeds of such taxes for the efficient and safe movement of people and goods over such roadways; and

WHEREAS, the Board of Commissioners of Clark County did create the Regional Transportation Commission of Clark County (Commission) by ordinance number 4.04.020 in 1965 and did impose a two-cent tax on each gallon of motor vehicle fuel sold wihin its jurisdiction by ordinance; and

WHEREAS, the Commission has recommended and overseen the development of 135 miles of needed roadway improvements utilizing $50,258,000 in revenues since its inception; and

WHEREAS, the Commission has recommended 16 first priority improvements totaling $45,250,000 and second priority improvements totaling $79,311,000 in 1980 dollars for the beneficial use of the motoring public; and

WHEREAS, the capacity to issue bonds to finance the aforesaid improvements is dependent upon the tax revenues received; and

WHEREAS, the tax revenues are declining due to decreasing fuel consumption; and

WHEREAS, the revenues available have reached bonding limitations; and

WHEREAS, additional revenues equivalent to two cents per gallon of motor vehicle fuel sold are needed to fund necessary improvements to enhance the safe and efficient movement of people and goods over local roadways; and

WHEREAS, the legislature of the State of Nevada is empowered to provide for such additional revenues and is now in session to consider matters of importance to its public.

NOW, THEREFORE BE IT RESOLVED by the Regional Transportation Commission of Clark County that:

1. The Nevada State Legislature consider increasing the revenues available through taxes on motor vehicle fuel to provide the necessary funding for roadway improvements.

2. The Nevada Legislature consider providing increased revenues equivalent to a two cent per gallon tax on motor vehicle fuel sold in such manner as is consistent and appropriate.

PASSED, ADOPTED, AND APPROVED this 12 day of March, 1981.

RON LURIE, Chairman

REGIONAL TRANSPORTATION COMMISSION
OF CLARK COUNTY

ATTEST:

Bonnie Wilson
BONNIE WILSON, Secretary

33
27

APRIL 1981
(month)

AUTOMOTIVE FUEL PRICE SURVEY

COMPARISON TO PREVIOUS MONTH: (prices per gallon)

TYPE	MARCH – APRIL FULL SERVICE	MARCH – APRIL FUEL ONLY	MARCH – APRIL AVERAGE PRICE	CHANGE
Regular, leaded	$1.420 – $1.426	$1.339 – $1.344	$1.380 – $1.385	+ 1/2¢
Premiums (leaded & unleaded)	$1.508 – $1.517	$1.457 – $1.455	$1.483 – $1.486	+ 3/10¢
Clear, unleaded	$1.451 – $1.478	$1.410 – $1.402	$1.431 – $1.440	+ 9/10¢
Diesel	N/A	N/A	$1.226 – $1.252	+2-6/10¢
Gaschol	N/A	N/A	$1.398 – $1.410	+1-2/10
L.P.G. (liquid propane gas)		N/A	$ .850 – $ .850	no change

COMPARISON TO SAME MONTH OF PREVIOUS YEARS: (gasoline only)

GRADE	AVERAGE 1980	INCREASE	AVERAGE 1979	INCREASE	AVERAGE 1978	INCREASE	AVERAGE 1977	INCREASE	AVEG 1976	INCR
Regular with lead	$1.264	+.121=9.5%	.818	+.567=69%	.660	.725=110%	.643	.742=115%	.585	+.800=138%
Premiums	$1.329	+.157=12%	.870	+.616=71%	.718	.768=107%	.689	.797=116%	.623	+.863=139%
Clear unleaded	$1.309	+.131= 10%	.859	+.581=68%	.700	.740=106%	.672	.768=114%	.611	+.829=136%

CURRENT AVERAGE PRICES BY STATE:

	Regular, leaded	Premiums	Clear, unleaded	Diesel	Gaschol	L P G
California	$1.388	$1.494	$1.449	$1.301	$1.410	$ .850
Nevada	$1.375	$1.478	$1.430	$1.203	$1.410	$ .850

Exhibit 2

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(9)

FUEL GAUGE

FOR USE IN TELEPHONING FUEL GAUGE INFORMATION TO PUBLIC AND PRESS RELATIONS (415) 565-2290

REPORTER: BONNIE	DATE OF SURVEY: APRIL 21, 1981
DISTRICT OFFICE: Las Vegas	NO. STATIONS CONTACTE 23

FULL-SERVICE PRICES		SELF-SERVICE PRICES	
NUMBER OF STATIONS	13	NUMBER OF STATIONS	14
AVERAGE REGULAR	139.14	AVERAGE REGULAR	125.79
AVERAGE PREMIUM	148.43	AVERAGE PREMIUM	135.97
AVERAGE NO LEAD	144.59	AVERAGE NO LEAD 13 Sta.	130.71
AVERAGE DIESEL		AVERAGE DIESEL	114.88
AVERAGE GASOHOL		AVERAGE GASOHOL	

ADDITIONAL INFORMATION REQUESTED	
NUMBER STATIONS OPEN 24 HOURS	14
NUMBER OF STATIONS CLOSED BY 8 P.M. ON WEEKDAYS	3
NUMBER OF STATIONS CLOSED BY 6 P.M. ON SATURDAY	1
NUMBER OF STATIONS CLOSED ALL DAY SUNDAY	3
NUMBER OF STATIONS CLOSED HOLIDAYS (IF APPLICABLE)	-
NUMBER OF STATIONS LIMITING SALES	0
RANGE OF GALLONS ___ RANGE OF DOLLARS	0
NUMBER OF STATIONS OUT OF FUEL ___ REGULAR	0
NO LEAD	0

CSAA/P & PR (12-80)

778

GAS PRICE SURVEY

PLEASE COMPLETE THIS FORM AND RETURN TO THE PUBLIC AND PRESS RELATIONS DEPARTMENT, SAN FRANCISCO MAIN OFFICE, AS SOON AS YOU RECEIVE THE REQUEST FROM DOTS MESSAGE.

SURVEY OUTLETS ALONG MAJOR TRAVEL ROUTES AND RESORT AND RECREATIONAL AREAS. THESE OUTLETS SHOULD BE AS WIDELY SEPARATED WITHIN YOUR DISTRICT AS POSSIBLE TO PROVIDE OBJECTIVITY. RETURN ORIGINAL FORM AND RETAIN PHOTOCOPY FOR YOUR USE.

DISTRICT OFFICE NAME LAS VEGAS ACTUAL DATE OF SURVEY April 21, 1981

INDIVIDUAL WHO CONDUCTED SURVEY Bonnie OFFICE TELEPHONE 702-870-9171

BRAND & LOCATION	REG	PREM	N-L	GASO	TYPE OF SERVICE	DAILY	SAT	SUN	HOL
T / LAS VEGAS	143.9	151.9	149.9		GAS ONLY	24 HOURS			
					FULL SVC				
A / BOULDER CITY	127.8	132.8	143.8		GAS ONLY	24 HOURS			
					FULL SVC				
T / LAS VEGAS 7 Stations	117.0	129.0	123.0		GAS ONLY	24 HOURS			
					FULL SVC				
M / BOULDER CITY	136.6	140.4	132.8		GAS ONLY	6-10	6-10	7-10	
	132.6	142.4	140.8		FULL SVC				
C / LAS VEGAS	135.9	143.9	147.9		GAS ONLY	24 HOURS			
	139.9	149.9	147.9		FULL SVC				
S / LAS VEGAS U.S. 93	128.9	143.9	133.9		GAS ONLY	24 HOURS			
	140.3	148.9	143.3		FULL SVC				
S / LAS VEGAS STRIP	126.9	138.9	129.9		GAS ONLY	24 HOURS			
	141.9	149.9	144.9		FULL SVC				
T / JEAN	142.0	148.8	--		GAS ONLY	24 HOURS			
DIESEL 125.9					FULL SVC				

ABBREVIATIONS: REG-REGULAR, PREM-PREMIUM, N-L - NO LEAD. A-ARCO, C-CHEVRON, E-EXXON, M-MOBIL, S-SHELL, T-TEXACO, U-UNION.

ADDITIONAL INFORMATION: TH TERRIBLE HERBST

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PUBLIC AND PRESS RELATIONS DEPARTMENT, SAN FRANCISCO, EXTENSION 2290

W1762 (12-80)

GAS PRICE SURVEY

PLEASE COMPLETE THIS FORM AND RETURN TO THE PUBLIC AND PRESS RELATIONS DEPARTMENT, SAN FRANCISCO MAIN OFFICE, AS SOON AS YOU RECEIVE THE REQUEST FROM DOTS MESSAGE.

SURVEY OUTLETS ALONG MAJOR TRAVEL ROUTES AND RESORT AND RECREATIONAL AREAS. THESE OUTLETS SHOULD BE AS WIDELY SEPARATED WITHIN YOUR DISTRICT AS POSSIBLE TO PROVIDE OBJECTIVITY. RETURN ORIGINAL FORM AND RETAIN PHOTOCOPY FOR YOUR USE.

DISTRICT OFFICE NAME LAS VEGAS ACTUAL DATE OF SURVEY April 21, 1981

INDIVIDUAL WHO CONDUCTED SURVEY Bonnie OFFICE TELEPHONE 702-870-9171

BRAND & LOCATION	PRICE PER GAL REG	PREM	N-L	GASO	TYPE OF SERVICE	OPERATING HOURS DAILY	SAT	SUN	HOL
C / PIOCHE					GAS ONLY				
	139.0	149.0	146.0		FULL SVC	7-8	7-8	9-4	
C / SEARCHLIGHT					GAS ONLY				
	143.0	149.0	147.0		FULL SVC	6-10	6-10	6-10	
M / GLENDALE					GAS ONLY				
	136.0	147.0	141.0		FULL SVC	24 HOURS			
A / INDIAN SPRINGS					GAS ONLY				
	143.8	152.8	146.8		FULL SVC	6-9	6-9	6-9	
M / MESQUITE					GAS ONLY				
	139.0	148.0	143.0		FULL SVC	6-7	6-8	CL	
C / ALAMO					GAS ONLY				
	135.6	146.9	139.6		FULL SVC	6-8	6-8	CL	
T / BEATTY					GAS ONLY				
	139.9	148.9	144.9		FULL SVC	7-7	7-7	7-7	
L / Caliente					GAS ONLY				
	145.9	---	149.9		FULL SVC	8-6	8-5	cl	

ABBREVIATIONS: REG-REGULAR, PREM-PREMIUM, N-L - NO LEAD. A-ARCO, C-CHEVRON, E-EXXON, M-MOBIL, S-SHELL, T-TEXACO, U-UNION.

ADDITIONAL INFORMATION: MOV MOPAP VALLEY OIL

GAS PRICE SURVEY

PLEASE COMPLETE THIS FORM AND RETURN TO THE PUBLIC AND PRESS RELATIONS DEPARTMENT, SAN FRANCISCO MAIN OFFICE, AS SOON AS YOU RECEIVE THE REQUEST FROM DOTS MESSAGE.

SURVEY OUTLETS ALONG MAJOR TRAVEL ROUTES AND RESORT AND RECREATIONAL AREAS. THESE OUTLETS SHOULD BE AS WIDELY SEPARATED WITHIN YOUR DISTRICT AS POSSIBLE TO PROVIDE OBJECTIVITY. RETURN ORIGINAL FORM AND RETAIN PHOTOCOPY FOR YOUR USE.

DISTRICT OFFICE NAME LAS VEGAS ACTUAL DATE OF SURVEY APRIL 21,1981

INDIVIDUAL WHO CONDUCTED SURVEY Bonnie OFFICE TELEPHONE 702-870-9171

BRAND & LOCATION	PRICE PER GAL REG	SUPER PREM	N-L	GASO	TYPE OF SERVICE	OPERATING HOURS DAILY	SAT	SUN	HOL
S / TONOPAH		UN-LEAD			GAS ONLY				
Diesel 123.9	131.9	139.9	--		FULL SVC	7-9	7-10	7-10	
					GAS ONLY				
Husky 117.9 A[illegible]co 111.8					FULL SVC				
					GAS ONLY				
					FULL SVC				
					GAS ONLY				
					FULL SVC				
					GAS ONLY				
					FULL SVC				
					GAS ONLY				
					FULL SVC				
					GAS ONLY				
					FULL SVC				
					GAS ONLY				
					FULL SVC				

ABBREVIATIONS: REG-REGULAR, PREM-PREMIUM, N-L - NO LEAD. A-ARCO, C-CHEVRON, E-EXXON, M-MOBIL, S-SHELL, T-TEXACO, U-UNION.

ADDITIONAL INFORMATION:

781

(8)

FUEL GAUGE

FOR USE IN TELEPHONING FUEL GAUGE INFORMATION TO PUBLIC AND PRESS RELATIONS (415) 565-2290

REPORTER: Margaret Utt	DATE OF SURVEY: 4-21-81
DISTRICT OFFICE: Reno	NO. STATIONS CONTACTED: 23

FULL-SERVICE PRICES		SELF-SERVICE PRICES	
NUMBER OF STATIONS	10	NUMBER OF STATIONS	13
AVERAGE REGULAR	145.4	AVERAGE REGULAR	139.6
AVERAGE PREMIUM	155.4	AVERAGE PREMIUM	151.3
AVERAGE NO LEAD	150.3	AVERAGE NO LEAD	146.2
AVERAGE DIESEL	125.2	AVERAGE DIESEL	120.9
AVERAGE GASOHOL	NONE	AVERAGE GASOHOL	NONE

ADDITIONAL INFORMATION REQUESTED	
NUMBER STATIONS OPEN 24 HOURS	8
NUMBER OF STATIONS CLOSED BY 8 P.M. ON WEEKDAYS	10
NUMBER OF STATIONS CLOSED BY 6 P.M. ON SATURDAY	3
NUMBER OF STATIONS CLOSED ALL DAY SUNDAY	4
NUMBER OF STATIONS CLOSED HOLIDAYS (IF APPLICABLE)	—
NUMBER OF STATIONS LIMITING SALES	—
RANGE OF GALLONS ___ RANGE OF DOLLARS	—
NUMBER OF STATIONS OUT OF FUEL ___ REGULAR	—
NO LEAD	—

24 Hour Stations
S - Winnemucca - Hwy 80
T - Wells - Hwys 80 & 93
U - Coaldale - Hwys 6 & 95
C - Lovelock - Hwy 80
Shamrock - Elko - Hwys 80 & 225
U - Lathrop Wells - Hwys 95 373 & 29
U - Reno - Hwy 80 - Boomtown
U - Sparks - Hwy 80 - Sierra Sids

CSAA/P & PR (12-80)

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GAS PRICE SURVEY

PLEASE COMPLETE THIS FORM AND RETURN TO THE PUBLIC AND PRESS RELATIONS DEPARTMENT, SAN FRANCISCO MAIN OFFICE, AS SOON AS YOU RECEIVE THE REQUEST FROM DOTS MESSAGE.

SURVEY OUTLETS ALONG MAJOR TRAVEL ROUTES AND RESORT AND RECREATIONAL AREAS. THESE OUTLETS SHOULD BE AS WIDELY SEPARATED WITHIN YOUR DISTRICT AS POSSIBLE TO PROVIDE OBJECTIVITY. RETURN ORIGINAL FORM AND RETAIN PHOTOCOPY FOR YOUR USE.

DISTRICT OFFICE NAME Reno ACTUAL DATE OF SURVEY 4-21-81

INDIVIDUAL WHO CONDUCTED SURVEY Margaret OFFICE TELEPHONE (702) 826-8800 X32

BRAND & LOCATION	PRICE PER GAL REG	PREM	N-L	GASO	TYPE OF SERVICE	OPERATING HOURS DAILY	SAT	SUN	HOL
C Gardnerville	143.9	150.9	145.9	No	GAS ONLY	8-8	8-8	8-8	—
(801) 665-2257	146.9	152.9	148.9	NO	FULL SVC	8-8	8-8	8-8	—
no diesel									
C Minden	140.9	147.9	145.9	No	GAS ONLY	M-Thur. 7-8	F & S 7-9	7-8	—
782-2532	144.9	151.9	149.9	No	FULL SVC	7-8	7-9	7-9	—
no diesel									
66 Phillips Ely	—	—	—	No	GAS ONLY	—	—	—	—
289-4789	142.0	—	146.0	No	FULL SVC	6-8	6-8	No	—
no diesel									
S Fallon	—	—	—	—	GAS ONLY	—	—	—	—
423-5755	135.0	144.0	139.0	No	FULL SVC	7-5	7-5	No	—
no diesel									
S Winnemucca	139.0	149.0	142.0	NO	GAS ONLY	YES	YES	YES	—
623-3519	143.8	153.2	147.0	No	FULL SVC	YES	YES	YES	—
no diesel						24 Hours			
A Hawthorne	141.8	—	145.8	No	GAS ONLY	7-7	7-7	No	—
445-2079	145.9	153.9	148.9	NO	FULL SVC	7-7	7-7	No	—
no diesel									
S Tonopah	155.8	159.8	159.8	No	GAS ONLY	8-8	8-8	8-8	—
482-6468	159.8	169.8	163.8	NO	FULL SVC	8-8	8-8	8-8	—
126.8 diesel									
T Wells	—	—	—	—	GAS ONLY	—	—	—	—
752-3336	143.9	—	147.9	NO	FULL SVC	YES	YES	YES	—
125.9 diesel						24 Hours			

ABBREVIATIONS: REG-REGULAR, PREM-PREMIUM, N-L - NO LEAD. A-ARCO, C-CHEVRON, E-EXXON, M-MOBIL, S-SHELL, T-TEXACO, U-UNION.

ADDITIONAL INFORMATION:

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PUBLIC AND PRESS RELATIONS DEPARTMENT, SAN FRANCISCO, EXTENSION 2290
W1762 (12-80)

GAS PRICE SURVEY

PLEASE COMPLETE THIS FORM AND RETURN TO THE PUBLIC AND PRESS RELATIONS DEPARTMENT, SAN FRANCISCO MAIN OFFICE, AS SOON AS YOU RECEIVE THE REQUEST FROM DOTS MESSAGE.

SURVEY OUTLETS ALONG MAJOR TRAVEL ROUTES AND RESORT AND RECREATIONAL AREAS. THESE OUTLETS SHOULD BE AS WIDELY SEPARATED WITHIN YOUR DISTRICT AS POSSIBLE TO PROVIDE OBJECTIVITY. RETURN ORIGINAL FORM AND RETAIN PHOTOCOPY FOR YOUR USE.

DISTRICT OFFICE NAME Reno ACTUAL DATE OF SURVEY 4-21-81

INDIVIDUAL WHO CONDUCTED SURVEY Margaret OFFICE TELEPHONE (702) 826-8800 X32

BRAND & LOCATION	PRICE PER GAL REG	PREM	N-L	GASO	TYPE OF SERVICE	OPERATING HOURS DAILY	SAT	SUN	HOL
M Coaldale	—	—	—	—	GAS ONLY	—	—	—	—
#1	—	148.0	145.0	NO	FULL SVC	YES	YES	YES	—
112.0 diesel						24 Hours			
C Austin	142.0	150.0	147.0	NO	GAS ONLY	7-8	7-8	7-8	—
964-2579	—	—	—	—	FULL SVC	—	—	—	—
no diesel									
C Fernley	—	—	—	—	GAS ONLY	—	—	—	—
575-2345	139.3	—	143.3	NO	FULL SVC	6-8	6-8	6-8	—
123.0 diesel									
C Lovelock	133.8	148.8	145.8	NO	GAS ONLY	YES	YES	YES	—
273-2739	144.0	150.0	148.0	NO	FULL SVC	YES	YES	YES	—
no diesel						24 Hours			
C Elko	139.9	147.9	146.9	NO	GAS ONLY	6-9	6-9	7-9	—
738-5411	145.9	149.9	149.9	NO	FULL SVC	6-9	6-9	7-9	—
no diesel									
Phillips Eureka	—	—	—	—	GAS ONLY	—	—	—	—
237-5321	141.0	—	146.0	NO	FULL SVC	7-6	7-6	8-Noon	—
no diesel									
C Battle Mountain	139.8	151.8	149.8	NO	GAS ONLY	6-10	6-10	7-9	—
635-9990	147.8	156.8	153.8	NO	FULL SVC	6-10	6-10	7-9	—
no diesel									
Shamrock Elko	138.9	—	143.9	NO	GAS ONLY	YES	YES	YES	—
738-9067	—	—	—	—	FULL SVC	—	—	—	—
113.9 diesel						24 Hours			

ABBREVIATIONS: REG-REGULAR, PREM-PREMIUM, N-L - NO LEAD. A-ARCO, C-CHEVRON, E-EXXON, M-MOBIL, S-SHELL, T-TEXACO, U-UNION.

ADDITIONAL INFORMATION:

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GAS PRICE SURVEY

PLEASE COMPLETE THIS FORM AND RETURN TO THE PUBLIC AND PRESS RELATIONS DEPARTMENT, SAN FRANCISCO MAIN OFFICE, AS SOON AS YOU RECEIVE THE REQUEST FROM DOTS MESSAGE.

SURVEY OUTLETS ALONG MAJOR TRAVEL ROUTES AND RESORT AND RECREATIONAL AREAS. THESE OUTLETS SHOULD BE AS WIDELY SEPARATED WITHIN YOUR DISTRICT AS POSSIBLE TO PROVIDE OBJECTIVITY. RETURN ORIGINAL FORM AND RETAIN PHOTOCOPY FOR YOUR USE.

DISTRICT OFFICE NAME Reno ACTUAL DATE OF SURVEY 4-21-81

INDIVIDUAL WHO CONDUCTED SURVEY Margaret OFFICE TELEPHONE (702) 826-8800 X3

BRAND & LOCATION	REG	PREM	N-L	GASO	TYPE OF SERVICE	DAILY	SAT	SUN	HOL
T/ Lathrop Wells 372-9994	—	—	—	—	GAS ONLY	—	—	—	—
no diesel	—	176.0	176.0	NO	FULL SVC	YES	YES	YES	—
						24 Hours			
C/ Lovelock 273-2761	—	—	—	—	GAS ONLY	—	—	—	—
126.0 diesel	151.0	159.0	155.0	NO	FULL SVC	6-9	6-9	6-9	—
A/ Minden 782-2727	—	—	—	—	GAS ONLY	—	—	—	—
no diesel	145.0	—	148.0	NO	FULL SVC	7:30-5	8-Noon	NO	—
E/ Carson City 883-6664	125.8	—	132.8	NO	GAS ONLY	7-9	7-9	11-6	—
117.0 diesel	—	—	—	—	FULL SVC	—	—	—	—
S/ Reno 825-6333	133.8	155.8	151.8	NO	GAS ONLY	8-9	8-9	8-6	—
no diesel	151.8	159.8	155.8	NO	FULL SVC	8-9	8-9	8-6	—
U/ Reno 345-6000 X523	138.9	—	142.9	NO	GAS ONLY	YES	YES	YES	—
125.9 diesel 129.9 diesel	142.9	—	146.9	NO	FULL SVC	YES	YES	YES	—
						24 Hours			
T/ Sparks 359-0550-controls	—	—	—	—	GAS ONLY	—	—	—	—
132.9 diesel	—	149.9	146.9	NO	FULL SVC	YES	YES	YES	—
						24 Hours			
/					GAS ONLY				
					FULL SVC				

ABBREVIATIONS: REG-REGULAR, PREM-PREMIUM, N-L - NO LEAD. A-ARCO, C-CHEVRON, E-EXXON, M-MOBIL, S-SHELL, T-TEXACO, U-UNION.

ADDITIONAL INFORMATION:

-81 Nevada Base: 46

	NUMBER	PERCENTAGE
		open
NUMBER OF STATIONS OPEN 24 HOURS:	22	47.8
~~NUMBER OF STATIONS CLOSED BY 4:30 P.M. WEEKDAYS:~~		—
NUMBER OF STATIONS CLOSED BY 8:00 P.M. WEEKDAYS:	13	71.7
~~NUMBER OF STATIONS CLOSED BY NOON ON SATURDAY:~~	—	—
NUMBER OF STATIONS CLOSED BY 6:00 P.M. ON SATURDAY:	4	91.3
NUMBER OF STATIONS CLOSED ALL DAY SUNDAY	7	84.8
NUMBER OF STATIONS CLOSED HOLIDAYS:	—	
NUMBER OF STATIONS LIMITING SALES BY:		
AVERAGE GALLONS: DOLLARS:	—	
NUMBER OF STATIONS OUT OF FUEL REGULAR:	—	
PREMIUM:	—	
NO LEAD:	—	

SPLIT OPERATIONS: —

DIESEL: 120.3

Gasohol: —

No Full Service Stations 33

No Self Service Stations 27

	R	PUL	UL
Full Service Prices	142.3	151.9	147.5
Self Service Prices	132.7	143.7	138.5

Exhibit M

State motor vehicle fuel taxes have been imposed on gasoline consumers for more than sixty years and, until recently, all states levied MVG taxes on a cents-per-gallon basis. This approach has withstood the test of time because the tax is set through direct legislative action to meet specific highway needs, is well understood by the public, and is easy to administer.

In the past, tax revenues increased as highway usage rose, providing adequate funds for highway projects. However, with the recent drop-off in gasoline consumption, states are collecting fewer MVG tax revenues, while inflation pushes up maintenance and construction costs. Thus, some states, as Nevada, face shortages of highway funds. Hence, consideration of variable taxes - that is to say, an indexed tax or a percentage-tax such as is proposed in S.B. 154.

Under a variable tax approach, revenues change according to a relationship with gasoline prices. This approach is a new concept in motor vehicle fuel taxation and holds the potential for imposing huge administrative burdens on the states and on the gasoline marketers unless the legislators proceed with caution. In most cases, because the states have no experience with MVF taxes other than those experienced in cents-per-gallon, the problems are not well known to tax administrators who must implement the new laws.

My clients do not oppose increases in fixed cents-per-gallon fuel taxes when highway needs justify the increase, but they strongly oppose both percentage-rate taxes and use of fuel tax revenues for non-highway purposes. The proposed percentage taxes are based on the selling price of the product, which is subject to considerations of the marketplace, decisions of foreign governments, and which are irrelevant to a state's highway needs. Moreover, legislative control over a critical program is weakened when the tax level changes according to a fluctuating index instead of a study or action by elected representatives. It is quite conceivable that the consumers could pay far more in fuel taxes than the revenues actually needed for a carefully studied and controlled highway program.

Percentage-taxes feed inflation because their indices are inflation-fed. Beyond that, this bill as now written would create astronomically expensive and complicated record-keeping and auditing burdens for both the private sector and the state; burdens that ultimately pass on to the consumer in the form of high prices, higher taxes, or a combination of both. By comparison, the accounting structure for administering a cents-per-gallon tax is already in place both in the private sector and in the state.

All of the historic procedures for reporting, collecting, and auditing taxes and tax returns will become meaningless if this legislation is adopted. It further appears inevitable that the total substitution of a new accounting system would be mandated. State audit expenses will substantially increase as auditing of a tax based on a percentage of price is inherently more arduous and expensive, therefore, collection and administrative costs will rise. Frequent adjustments in the price of gasoline and diesel will complicate the filing and processing of refund claims. Particularly in cases of claims which cover periods of numerous price changes.

Generally, the independent marketer offers less service and sells at a lower price, yet under this proposal it would appear that his consumers would be losing some advantage by meeting unrelated tax burden. This legislation might also tend to discriminate against rural areas as prices are generally higher.

As to the proposed percentage-tax on diesel, it would appear that service stations having diesel pumps are responsible for this tax. In holding dealers in special fuel to the responsibility for this percentage-tax a great many problems will arise, including the turnover in retail service station operators, inadequate record-keeping, failure to file returns, etc.

Undoubtedly, this proposal will impose a greatly increased burden on both the dealers and the taxing authorities in record-keeping, auditing and collection.

By adoption of S.B. 154 the legislature would be actually and, perhaps, unconstitutionally delegating legislative authority to the Department of Transportation. Under the broad delegation contained in Section 3, Page 2, which permits the department to conduct "quarterly ~~periodic~~ surveys" to select, without any control or guidelines, what is to be included in the sixty percent in number of outlets, in volumes of sales and to determine or revise a so-called "representative price" for the state as a whole, it is really the Department of Transportation, and not the Legislature that is setting the tax rate. This is indeed a broad delegation of legislative authority and responsibility.

As previously stated, my clients in no way oppose increase in fixed cents-per-gallon gasoline and diesel taxes when highway needs justify the increase, when priorities and needs are reviewed by elected representatives, and when the Department of Transportation justifies requests for new revenues from this source. This process insures that an increase in the tax burden results from a deliberate determination by responsible elected offícals accountable to their constituents, the ultimate taxpayer.

If the Legislature should determine, in its wisdom, that a departure from the historic procedure is necessary, and hence institutes a variable tax, the following points should be most carefully considered:

1. Express the tax as a cents-per-gallon levy rather than as a percentage, but allow it to move up or down <u>annually</u>

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in whole cents in proportion to changes in the inflation rate (see no. 5 below). This is a form of cents-per-gallon tax that allows states to increase MVF tax revenues in a controlled manner, and ensures the same tax rate on every gallon of gasoline regardless of price.

2. Increase or decrease the tax in whole cents rather than fractions of cents in order to retain efficient, expeditious administrative procedures.

3. In the interest of streamlined administration, the level of the tax should preferably change only annually, and in no case more often than semi-annually. Administering refunds will be extraordinarily difficult for the states under a tax that changes oftener than once a year.

4. Place a limit on the number of cents-per-gallon that the tax can be increased annually. This ensures that the legislatures will carefully consider revenue needs for highways in each session. Proper control also can be ensured by requiring legislative review, with public hearings, at stated intervals such as every two years. A rate determined this way is most likely to be justified, equitable and properly administered.

5. Index the tax to a relevant, certifiable base that most accurately reflects inflation. Examples would be the Implicit Price Deflator* for the Gross National Product

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(also known as the Gross National Product Deflator); or an average highway construction and maintenance cost index, which would not be uniform throughout the U.S. and should be determined by each state. Avoid irrelevant indices such as the Consumer Price Index. Another approach could be a tax which rises in whole cents in proportion to decreases in gasoline consumption.

* * * * * * * * * *

*As published monthly by the Federal Department of Commerce, Bureau of Economic Analysis, in the monthly publication entitled "Survey of Current Business" or any successor publication.

The Implicit Price Deflator is used for calculation of tax due under the Federal Crude Oil Windfall Profit Tax Act of 1980.

Exhibit N

SUPPLEMENTAL MEMORANDUM

April 30, 1981

To: GEORGE L. VARGAS

From: SCOTT A. GLOGOVAC

Re: Constitutionality of of Senate Bill 154

The graduated rate schedule set forth in Section 2 Senate Bill No. 154 imposes a tax upon motor vehicle fuel based upon what the Department of Transportation determines to be the "average price" of such fuel. Under Section 3, the Department is to determine "average price" through quarterly surveys of the actual selling price of the fuel at retail outlets.

The constitutional question is whether the vesting of authority in the Department of Transportation to determine "average price" constitutes an unlawful delegation of authority by the State Legislature to an administrative body.

Broad statements to the effect that the Legislature may not delegate its law making authority to administrative agencies can be found in cases and treatises alike. See for example, Pine v. Leavitt, 84 Nev. 507, 445 P.2d 942 (1968); State v. Bennett, 219 Kan. 285, 547 P.2d 786 (1976); Davis, Administrative Law, Section 2.11.

Notwithstanding these general statements an admixture of governmental powers may be conferred upon an administrative office or board if there is no delegation of actual legislative power or complete surrender of judicial review. Wesley Medical Center v. McCain, 597 P. 2d 1088; 73 CJS Public Administrative Bodies and Procedures, Section 30.

In Pine v. Leavitt, supra, the Nevada Supreme Court stated the rule as follows at 84 Nev. 510:

> "The basic test used to determine what powers can be lawfully delegated by the legislature, was first and best evidenced in Field v. Clark, 143 US 649 (1892), wherein it is said, 'the true distinction is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring authority or discretion as to its execution, to be exercised in pursuance of the law. The first cannot be done; to the latter no valid objection can be made.'"

An important test in determining whether a particular statute unlawfully delegates legislative authority is found in the completeness of the statute. In 16 Am.Jur.2d, Constitutional Law, Section 358, it is stated:

> "The generally recognized principle is that a law must be so complete in all its terms and provisions when it leaves the legislative branch of the government that nothing is left to the judgment of the electors or other appointee or delegate of the legislature. The rights, duties, privileges, or obligations granted or imposed must be definitely fixed or determined, or the rules by which they are to be fixed and determined must be clearly and definitely established, when the act is passed by the legislature and approved by the governor. The law must be perfect, final, and decisive in all of its parts, and the discretion which is given must relate only to execution...."

Thus, the Legislature is empowered to delegate to an administrative body some legislative functions so long as policy is fixed and standards definitely established which determine the manner and circumstances of the exercise of such power. State v. Bennett, supra.

Among the legislative powers to which these principles of delegation apply is the taxing authority.

In City of Portland v. Welch, 154 Ore. 286, 59 P.2d 228 (1936), the Oregon Supreme Court was called upon to consider the constitutionality of a state statute which created a tax commission empowered to supervise, regulate and limit the levy of property taxes in counties having a population of more than 100,000. The court found the statute to be an unconstitutional delegation of the legislature's taxing power, and enunciated the following principles at 59 P.2d 234:

> "Relative to the question as to whether there has been an unlawful delegation of legislative power, we think its answer hinges upon whether the act provides any definite standard for the guidance of the commission in carrying out the policy of the state in regulating or controlling the levying of local taxation.
>
> "We recognize, as stated in Livesay v. DeArmond, 131 Ore. 563, 284 P.166, 170, 68 ALR 422 that: 'The mere fact that a subordinate body is granted discretion in the exercise of power conferred by a law does not necessarily demonstrate that the discretion amounts to the use of a legislative power.' We assume it to be a well-settled rule, however, that when the Legislature does confer upon an administrative board the power to exercise discretion in carrying out the mandate of the state, there must be some definite and reasonable rule for its guidance in the exercise of such discretion."

Thus, the inquiry with respect to attempts to delegate taxing functions is the same: Has the Legislature provided fixed and definite standards which determine the manner and circumstances of the exercise of the delegated authority?

By definition this standard requires careful analysis of the statute in question. It is thus difficult to generalize as to what powers the Legislature may permissibly delegate and what powers it may not.

A case involving a statute closely analogous to Senate Bill No. 154 is People's Federal Savings & Loan Association v. State Francise Tax Board, 110 Cal.App.2d 696, 243 P.2d 902 (1952). The statute in question was a provision of California's bank and corporation's Franchise Tax Act which provided:

> "In the case of a building and loan association, organized and operating wholly or partly on a mutual plan, the return paid or credited on or apportioned to the withdrawable shares of such association, but not exceeding the return such shares would receive computed at the average rate paid by all such associations in this State, or by such associations in a particular locality, as the Building and Loan Commissioner of this State may determine, or money borrowed or obtained through the issue during the income year of the association of all classes of notes and investment certificates not evidencing any proprietary interest in the association, such rate to be determined by the Building and Loan Commissioner and certified by him to the Franchise Tax Commissioner on or before the first day of March of each year."

As the court stated at 243 P.2d 904, the question was whether the above provision of the Franchise Tax Act "limiting the deduction of the return paid, credited on, or apportioned to the withdrawable shares of mutual savings and loan associations to the average rate as determined by Building and Loan Commissioner was unconstitutional."

In holding that it was unconstitutional, the court stated the following at 243 P.2d 904-905:

> "Section 8(j) authorized the commissioner to determine the amount that could be deducted by building and loan associations throughout the state by computing the average rate paid by all associations in the state, or by those in a particular locality, as he 'may determine." The statute did not empower the commissioner to take any locality in the state and determine an average rate for that locality. It authorized him to determine the average rate in any locality he selected and apply that rate to all associations in that state. The commissioner was given unlimited and uncontrolled discretion to determine the particular locality to be used in computing the average rate. He had absolute discretion to select the state as a whole, or any locality or part of the state. He could select any area or locality, large or small. He was given the power to select such area or locality without restriction or limitation, with no rules or directions from the Legislature to guide him. No guide or standard of any kind was prescribed by the Tax Act. The statute gave him uncontrolled and unguided power to determine an average rate entirely of his own selection. The delegation of such uncontrolled power was void as an attempt to delegate legislative power to an administrative officer. Dominquez Land Corp. v. Daugherty, 196 Cal. 468, 484, 238 P. 703; In re Peppers, 189 Cal. 682, 685-688, 209 P. 896; Hewitt v. Board of Medical Examiners, 148 Cal. 590, 591-595, 84 P. 39, 3 L.R.A.., N.S., 896; In re Williams, 74 Cal.App. 331, 240 P.42; In re Application of Blanc, 81 Cal.App. 105, 109-112, 252 P.1053.
>
> In Dominquez Land Corp. v. Daugherty, 196 Cal. 468, at page 484,238 P. at page 709, it was stated: 'It is well settled that the Legislature may commit to an administrative officer the power to determine whether the facts of a particular case bring it within a rule or standard previously established by the Legislature for his governance. * * * If, however, no standard by which the officer is to be governed by prescribed by the lawmakers, then there is an attempt to intrust a mere administrative officer with the pelnary power of the Legislature, and there will then be no guard against possible arbitrary action."

Senate Bill No. 154 is subject to similar criticisms.

Section 3 provides:

> "1. The department of transportation shall provide by regulation for quarterly surveys of the actual selling price of motor vehicle fuel at retail outlets amounting to at least 60 percent in number of outlets and volume of sales of the total for the state, and for the weighting of these prices in such a way as to determine a representative price of motor vehicle fuel for the state as a whole. The department of transportation shall report this price when determined or revised to the department of taxation."

No further standards or guidelines are provided. The Department of Transportation seems then to be vested with much the same authority that was vested in the California Building and Loan Association in the People's Federal case.

The Department is required to survey 60% of the outlets and 60% of the total volume of sales, but it has unlimited discretion with respect to what areas of the state or what types or grades of fuel are to be most heavily surveyed. This vests the Department with wide latitude in determining the "average price" of motor vehicle fuel, and thus forms the basis for a possible constitutional attack upon Senate Bill 154 under the authority of the People's Federal case.

A final point of interest is the fact that Section 8 of

Senate Bill 154 requires the State Treasurer to credit a major portion of the motor vehicle fuel tax revenue to the State Highway Fund, which fund is under the authority of the Department of Transportion. Thus the administrative body which determines the ultimate amount of the tax revenue is a major recipient thereof.

Research discloses no case dealing with delegation of legislative authority in which such situation arises. However, should it arise as it does with Senate Bill 154 it certainly can be considered a factor of some importance.

If the Legislature decides to delegate some aspect of the taxing function to an administrative body which is to be the ultimate recipient of the tax revenue, the Legislature should be particularly careful in limiting the discretionary authority of the administrative body. The rewards for an abuse of discretion in such a situation are too great.

Stated differently, a court, in passing upon the constitutionality of a delegation of the legistature's taxing authority to an administrative body, should more strictly scrutinize the delegation where the administrative body stands to gain from any discretionary powers it receives as a result of the delegation.

As this conflict-type situation exists by virtue of Senate Bill 154, it can be argued that the authority delegated by that bill should be more closely defined and controlled by the State Legislature than under non-conflict circumstances.

SAG

Exhibit O

PROPOSED TAX/GALLON GASOLINE
INDEXED TO RETAIL SALES PRICE/GALLON

9/4/80

Prepared by NDOT Program/Project Management Division

Retail Sale Price/Gallon Gasoline	Total Tax/Gallon Gasoline	State (365.170)	Counties (365.180)	Counties & Cities (365.190)
$1.00	7.98¢	5.99	0.66	1.33
1.10	8.68¢	6.51	0.72	1.45
1.20	9.43¢	7.07	0.78	1.57
1.30	10.25¢	7.69	0.85	1.71
1.40	11.07¢	8.31	0.92	1.85
1.50	11.96¢	8.97	0.99	1.99
1.60	12.91¢	9.69	1.07	2.15
1.70	13.95¢	10.46	1.16	2.33
1.80	15.06¢	11.30	1.25	2.51
1.90	16.27¢	12.20	1.35	2.71
2.00	17.57¢	13.18	1.46	2.93
2.10	18.97¢	14.23	1.57	3.17
2.20	20.49¢	15.37	1.70	3.42

Tax rate is based on an increase or decrease of 8% for each 10¢ change in the retail cost of motor fuel from base of $1.30/10.25¢ rate.

Tax on Gallon of Diesel to be identical to Tax on Gallon of Gasoline regardless of Retail Sale Price.

9/4/80

COMPARISON OF DISTRIBUTION OF EXISTING 0.5¢ & 1¢ MOTOR FUEL TAX (NRS 365.180 & 365.190) TO PROPOSED TAX BASED ON RETAIL SALE COST

Prepared by NDOT Program/Project Management Division
(Amounts in $1,000 Dollars)

	Existing 6¢ Tax			/1 Proposed Tax $1.30 = 10.25¢ Tax		
	0.5¢	1¢	Total	0.85¢	1.71¢	Total
Carson City	35	224	259	59	383	442
Churchill Co.	74	59	133	127	102	229
Fallon	-	27	27	-	46	46
Clark Co.	788	1,492	2,280	1,338	2,550	3,888
Las Vegas	-	701	701	-	1,199	1,199
N. Las Vegas	-	118	118	-	202	202
Boulder City	-	35	35	-	61	61
Henderson	-	67	67	-	115	115
Douglas Co.	32	122	154	54	208	262
Elko Co.	220	99	319	374	170	544
City of Elko	-	77	77	-	132	132
Carlin	-	5	5	-	8	8
Wells	-	7	7	-	12	12
Esmeralda Co.	42	11	53	71	20	91
Eureka Co.	48	14	62	82	24	106
Humboldt Co.	106	92	198	179	157	336
Winnemucca	-	26	26	-	42	42
Lander Co.	64	54	118	110	93	203
Lincoln Co.	104	30	134	177	51	228
Caliente	-	2	2	-	3	3
Lyon Co.	50	74	124	86	126	212
Yerington	-	5	5	-	9	9
Mineral Co. /2	57	41	98	97	69	166
Nye Co. /2	182	78	260	310	132	442
Gabbs	-	7	7	-	13	13
Pershing Co.	73	50	123	124	86	210
Lovelock	-	6	6	-	10	10
Storey Co.	6	4	10	11	7	18
Washoe Co.	382	351	733	648	601	1,249
Reno	-	623	623	-	1,065	1,065
Sparks	-	202	202	-	345	345
White Pine Co.	124	49	173	211	84	295
Ely	-	22	22	-	38	38
Total	2,387	4,774	7,161	4,058	8,163	12,221
State (NRS 365.170) @ 4.5¢			21,483	@ 7.69¢		36,711
Grand Total			28,644			49,932

NOTE: Calculations based on Used Motor Fuel Gallonage of 477.392 million.

/1 Tax rate increases or decreases 8% for each 10¢ change in retail cost of motor fuel.

/2 Hawthorne and Tonopah are not incorporated cities.