

MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON TRANSPORTATION

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
February 19, 1981

The Senate Committee on Transportation was called to order by Chairman Richard E. Blakemore, at 2:00 p.m., Thursday, February 19, 1981, in Room 323 of the Legislative Building in Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Richard E. Blakemore, Chairman
Senator Joe Neal
Senator Lawrence Jacobsen
Senator Clifford E. McCorkle
Senator James H. Bilbray

COMMITTEE MEMBERS ABSENT:

Senator William Hernstadt
Senator Wilbur Faiss

STAFF MEMBERS PRESENT:

Fred Weldon, Senior Research Analyst
Kelly R. Torvik, Committee Secretary

SENATE BILLS NO. 154 AND NO. 262

Mr. Pete Predere, Assistant Director of Operations for the Department of Transportation gave an overview of the Pavement Management System. He presented each committee member with a copy of a booklet entitled "Pavement Management System, 1980 System Description and Application." (A copy of this booklet may be found in the office of the committee secretary, Room 321 of the Legislative Building). Mr. Predere explained that the Pavement Management System is a computerized, systematic approach to identifying pavement surface distresses. This system was adopted by the department on July 1, 1981. Mr. Predere stated that the system identifies the most cost effective strategies for repair of all sections of Nevada's 5000 miles of roadway. Mr. Predere presented a slide show which gave details of the Pavement Management System. He also presented slides of particular sections of Nevada's roadways to give examples of maintenance needed.

*No copy included with minutes.

Senate Committee on Transportation
February 19, 1981

Senator Jacobsen asked if the department was able to determine the major cause of deterioration to a roadway through the Pavement Management System. Mr. Predere stated that it is very difficult to determine the direct cause of damage. He explained that deterioration is usually caused by a combination of factors.

Senator Jacobsen asked if there was a priority system to determine which road will be repaired first. Mr. Predere said that yes there is such a system. Mr. Stone presented the committee with a priority listing and explained that the system is broken into four parts; 1) condition of the roadway which accounts for 40 percent, 2) amount of traffic which accounts for 30 percent, 3) maintenance history which accounts for 30 percent and 4) safety which accounts for 10 percent.

Senator Jacobsen asked if the samples taken from the completed roads were valuable since they are taken after the fact. Mr. Stone explained that the samples are taken to serve as evidence to the federal government that the road was built to specifications.

Mr. Stone pointed out that allowing a road to go unmaintained can lead to a reconstruction costs 2.5 times that of maintenance.

Mr. Ivan Laird, Program Engineer for the Department of Transportation, explained to the committee how the department planned to preserve the existing highway system. (See Exhibit D).

Senator McCorkle noted that federal funds are very important to Nevada's highway system. Mr. Stone pointed out that the first priority of the department is to preserve the existing system. Senator McCorkle asked if the new federal administration, in its effort to cut costs, would limit federal aid to the state. Mr. Stone stated that he had received information that there would be a \$9.9 billion cut in the Nevada highway program in the next five years. Mr. Stone explained that this cut would simply keep the federal funds from increasing. The department did not anticipate a cut in present funds.

Senator Blakemore stated that Nevada is one of the first to use the Pavement Management System. He said that the states that have tried the system have found that it works very well. It helps the department program required maintenance more accurately and over a longer period of time.

Senate Committee on Transportation
February 19, 1981

Senator McCorkle asked how the MX system, if installed in Nevada, would effect Nevada's roadways. Mr. Stone stated that the Air Force budget allows for reconstruction of 150 to 200 miles of Nevada's roadways. The department will still be responsible for the maintenance of those reconstructed roadways. He stated that the department will be fortunate to break even financially on the project.

Senator McCorkle felt that the public is not aware of the needs of the department and will not feel that such an increase in funds is necessary. Mr. Stone stated that the referendums for an increase in the gas tax, which failed, were limited by law for new construction. He also stated that well maintained roads will save the taxpayers enough to offset the increase in taxes. Mr. Stone has spoken publicly to inform the public of the department's needs.

Senator Bilbray noted that the urban centers will be financing the majority of the roads in the state. Chairman Blakemore pointed out that these roads are necessary for businessmen and tourists to visit the urban centers. Mr. Stone stated that the priority listing establishes that Clark County will be receiving the majority of new construction in the next three years.

Senator Jacobsen asked if there were any type of chart which established how much financing is directed at environmental concerns on a highway construction project. Mr. Stone said that he could find that information. He stated that the environmental concerns have increased costs tremendously over the past ten years. Mr. Stone estimated that the increased costs accounted for five to ten percent of the total new construction costs.

Mr. Stone explained that the reason the department chose a sliding scale in Senate Bill 154 was so the department could survive against inflation. Mr. Stone stated that 85 percent of maintenance costs are directly related to the cost of oil and oil products. Mr. Stone went on to explain that on line 11 of page 1 of the bill column A represents the total tax. Column B represents the amount of tax that would go to the state highway fund. Columns C and D represent the amount of tax that would go to the counties and incorporated cities. He stated that the tax raises eight percent for every ten cent increase in the price of the fuel per gallon.

Mr. Stone explained that originally the department had proposed a percentage tax on the wholesale price. This was not acceptable because currently wholesalers are not required to disclose the wholesale price and the wholesale price fluctuates daily.

Senate Committee on Transportation
February 19, 1981

Senator McCorkle asked where Nevada would stand nationally if they increased the tax to ten cents per gallon. Mr. Stone guessed that Nevada would stand average. Mr. Stone sited states that have a gas tax of eight cents and higher whose highway funds are in financial trouble.

Senator Jacobsen felt that the sliding scale would create book-keeping problems because of fluctuating gas prices. He also felt that additional personnel would be needed to process the increased bookkeeping. Mr. Stone stated that there would be a survey of 60 percent of the retail outlets throughout the state and an average price would be used. Mr. Stone did not feel that there would be a major change in bookkeeping processes.

Senator Jacobsen asked why a tax of a specific amount per gallon of fuel would not accomodate the costs of the department. Mr. Stone explained that due to increasing costs if such a tax were approved the department would require additional funding in a short time. Senator Jacobsen asked when the department is notified that federal funds are available. Mr. Stone stated that the department is notified once a year.

Mr. Virgil Anderson from the Nevada Division of the AAA stated that the association is in favor of increases in taxes and fees for highway purposes. He felt that funding for the state highways has been neglected in the past. He stated that the highway department had done a good job with the resources they had available. Mr. Anderson did not approve of the sliding scale in Senate Bill 154 because of the uncertainty of how much tax the public will be subject to pay. He felt that a program which funded the highway fund under the direction and guidance of the legislature would be much more desirable. Mr. Anderson suggested that the committee consider a tax of a specific amount on each gallon of fuel sold and increases in registration and truck weight fees.

Mr. Pete Woolley representing the Nevada Gasoline Retailers felt that the enactment of the sliding scale tax would put the small full service gas stations out of business. He stated that the increased amount of tax would allow the larger companies to earn enough interest on the tax float to sell fuel at a price so much lower that the small businessmen could not compete. Mr. Stone stated that the bill does not change the method of collection. Mr. Woolley felt that a specified tax per gallon would be a method of increasing taxes fairly.

Senate Committee on Transportation
February 19, 1981

Mr. Daryl Capurro representing the Nevada Motor Transport Association and the Nevada Franchised Auto Dealers Association appeared in opposition to Senate Bill 154 as it is drafted. Mr. Capurro stated that his associations do support increases to the highway fund. Mr. Capurro did not feel that the highway users would accept a 60 to 100 percent increase in fuel taxes within one year. He questioned if the \$.205 maximum that is in the bill is actually a limit or if the scale continued. Mr. Capurro pointed out that the department stated that surveys of gasoline prices will be taken quarterly while the bill mentions periodic surveys taken monthly. He felt that the bill did not set guidelines for the Director of the Department of Transportation. Mr. Capurro believed that the price of gasoline would increase much faster than the department predicted. He suggested that the committee consider taxing not only the highway users but those who benefit from them also, for example, casinos and shopping centers. Mr. Capurro also suggested that the general fund aid the financing of the highway fund. He felt that a portion of the sales tax collected from the sales of vehicles, tires and accessories should be applied to the highway fund.

Senator Neal and Senator Bilbray left the meeting at 3:50 p.m. and there was no longer a quorum.

Mr. Capurro supplied the committee with a copy of the proposal which the Nevada Highway users conference felt would address the problem of the shortage of highway funds. (See Exhibits E, F, G and H).

Senator McCorkle left the meeting at 4:00 p.m. Chairman Blakemore and Senator Jacobsen were the only committee members remaining.

Mr. Capurro felt the figures on Exhibit I as provided by Mr. Stone at a previous meeting were inaccurate. He stated that the correct figures for Nevada were between \$3,540 and 1,889. These figures do not include federal taxes. Mr. Capurro cited statistics from a private carrier that stated that the direct operating costs in Nevada were above average in the nation. He felt that Senate Bills 154 and 262 are punitive against the trucking industry. He also stated that a sliding scale tax would be detrimental to the poor and underprivileged. Mr. Capurro said that both bills would have a direct negative impact on the tourism and gaming industry.

Senate Committee on Transportation
February 19, 1981

Senator Jacobsen felt that all testimony presented after 3:50 p.m. should be presented again when all committee members are present.

George Vargas, Legislative Counsel for eight major oil companies, presented the committee with written testimony which is a composite view of those oil companies with reference to Senate Bill 154. (See Exhibit J). Senator Jacobsen asked Mr. Vargas if he would present his testimony to the entire committee in the future. Mr. Vargas stated that he would.

SENATE BILL NO. 80

Sharon Alcamo, Driver's License Division of the Department of Motor Vehicles, presented the committee with information that had been requested at a previous meeting. (See Exhibit K).

SENATE BILLS NO. 158 AND NO. 200

Mr. John Crossley, Legislative Auditor, appeared to bring to the attention of the committee a technical problem in the Senate Bill 158. He stated that since 1973 the Legislative Counsel Bureau had been working to provide that all of the monies collected by the Department of Motor Vehicles be deposited into the motor vehicle fund and be accounted for in that fund. He asked that the committee consider the bookkeeping aspects of the bill. Mr. Crossley also presented the committee with a proposed amendment to Senate Bill 200. (See Exhibit L).

Chairman Blakemore explained that Senate Bill 200 simply changed the definition of a tax so that a person could legally deduct them from his income tax.

Mr. Wink Richards, Chief, Motor Carrier Division of the Department of Motor Vehicles stated that Senate Bill 200 has administrative problems. It adds bookkeeping for dealers, administration and auditing. He felt that trucking companies would avoid buying fuel from Nevada dealers in order to avoid higher costs.

Mr. Leonard Winkelman, Chief, Administrative Services of the Department of Motor Vehicles, asked that the committee amend Senate Bill 200 as Mr. Crossley suggested. Mr. Winkelman also pointed out Senate Bill 158 changes the depositing procedures of the special fuel monies and the motor carrier monies. He stated that the department is presently trying to flow all monies into the motor vehicle fund and disperse them from there.

Senate Committee on Transportation
February 19, 1981

Senator Jacobsen asked how monies are presently being distributed to the counties. Mr. Winkelmen stated that the privelege tax is currently distributed monthly to the counties and twice monthly to the highway and general fund. Mr. Winkelman stated that Senate Bill 158 would cause difficulty in identifying monies. It would also cause accounting problems.

There being no further business, the meeting adjourned at 4:40 p.m.

Respectfully submitted by:


Kelly R. Torvik

APPROVED:


Senator Richard E. Blakemore
Chairman

Dated: 2/23, 1981

* Exhibit C also submitted, but not mentioned in minutes

SENATE AGENDA

EXHIBIT A

COMMITTEE MEETINGS

Committee on Transportation, Room 323.

Day Thursday, Date February 19, Time 2:00

S. C. R. 9--Directs study of possible exemption of certain petroleum-ethonal mixtures from motor vehicle fuel tax.

S. J. R. 15--Proposes to amend Nevada constitution to broaden permissible uses of state highway fund.

S. B. 80--Provides for increases in certain fees of department of motor vehicles.

S. B. 154--Increases and changes measure of tax on motor vehicle fuel and special fuel.

S. B. 158--Removes certain expenses of department of motor vehicles from state highway fund.

S. B. 161--Authorizes borrowing by department of transportation from financial institutions.

S. B. 200--Levies tax on wholesale price of motor vehicle fuels.

SENATE COMMITTEE ON TRANSPORTATION

EXHIBIT B

DATE: 02-19-81

PLEASE PRINT NAME	PLEASE PRINT ORGANIZATION & ADDRESS	PLEASE PRINT TELEPHONE
T. Tauhovich	Dept of Transportation	885-5440
Al Stone	" " "	
Sean Laird	" " "	
Pete Pradere	" " "	
Garth Dull	" " "	
John Ede	Southern Pacific	329-2492
George B. Vartas	DMV	5-5250
Dee Jacka	DMV	5-5375
Shirley (Wear)	AD	5-5360
W. RICHARDS	DMV MOTOR CARRIER	5-5340
Daryl Casper	Nevada Motor Transport Assn. Nevada Franchised Auto Dealers Assn.	331-6884
George B. VARTAS	MAJOR OIL COMPANIES	786-5000
S.P. Etchewary	NEW LEAGUE OF WOMEN	882-2121
Viggo J. Anderson	AAA - Quality House	882-1890
B.F. SMITH	AAA - Reno	322-7492

Library Note:

Exhibit D for the February 19, 1981 meeting of Senate Transportation was either not labelled or is missing. Several pages follow Exhibit C, which may be part or all of Exhibit D. It is unclear from the minutes what Exhibit D pertained to, so it is not possible to ascertain its status.

Research Library
May 2014

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:

<u>Type of Work Required</u>	<u>Length</u>	<u>Total Estimated Costs</u>
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

<u>SYSTEM</u>	<u>STATE SYSTEM</u>		<u>Local Rds & Sts.</u>	<u>Total</u>
	<u>Maintained</u>	<u>Not Maintained</u>		
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

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

TABLE A-3

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	49,010
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	110,051
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	228,681
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	313,643
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	200,014
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	31,195,5
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	41,871,5
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.

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 exorbitant 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				Accum. Deficit	Anticipated Costs					Proposed Revenue		Accum. Deficit
	State Funds	Fed. Funds	Total	Deficit + 12% Inflation	Costs to Cover Deterioration of Exist. Sys.	Total	Normal Maint. Costs Based on FMS		Backlog 3R Maint. Costs	3R Deterioration Maint. Costs	Deficit + 12% Inflation	Total				
1981	0.00	6.50	6.50				221.98	5.14	12.79	0	0	17.93	8.60		1981	
1982	23.40	6.50	29.90	241.34	25.52	266.86	215.48	5.75	0	1.58	10.45	17.78	11.93	9.33	1982	
1983	28.60	6.50	35.10	265.39	25.65	291.04	236.96	6.45	0	1.77	6.55	14.77	13.36	5.85	1983	
1984	32.03	9.14	41.17	286.65	25.80	312.45	255.94	7.22	0	1.98	1.58	10.78	10.78	1.41	1984	
1985	35.88	11.78	47.66	303.83	25.96	329.79	271.28	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	282.13	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	287.52	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	286.32	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	277.16	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	258.46	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	228.39	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	187.46	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	133.48	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	63.92	24.89	0	0	0	24.89	24.89	0	1994	
							(9.20)									

TABLE C-1

MOTOR VEHICLES

EXHIBIT E

NATIONAL AVERAGES - 1979 - FHWA REPORT

Passenger Cars: 76% of miles traveled
 78.8% of registered motor vehicles
 65.7% of fuel consumed

Average miles per gallon: 14.29

Trucks and Buses: 24% of miles traveled
 21.2% of registered motor vehicles
 34.3% of fuel consumed

Average miles per gallon: 8.76

NEVADA CLASSIFIED MILES - 4,912,000,000

NEVADA AVERAGES - 1979 - NDOT REPORT

State Federal-Aid System - 83.4% of all vehicle miles traveled

Passenger Cars: 67.72% of miles traveled
 71.67% of registered motor vehicles
 56.25% of fuel consumed

National Average Miles per Gallon: 14.29

Trucks and Buses: 32.28% of miles traveled
 24.57% of registered motor vehicles
 43.75% of fuel consumed

National Average Miles per Gallon: 8.76

1979 CALENDAR YEAR

1979 CONTRIBUTIONS TO STATE HIGHWAY FUND - NEVADA

(Does not include miscellaneous NDOT revenues produced)

1. 4½¢ Gas Tax: \$21,387,793 (\$21,148,269 - 1980)
2. 6¢ Diesel Tax: \$4,740,145 (\$5,022,955 - 1980)
3. DMV Registration Division: \$8,743,130
4. DMV Motor Carrier Division: \$11,569,258 (\$12,510,322 - 1980)
(Does not include diesel tax)
5. Misc. DMV Fees: \$704,292

1979 Actual Highway Fund Contributions \$47,144,618

1979 CONTRIBUTIONS TO CITIES AND COUNTIES

1. 1½¢ Gas Tax: \$7,052,848 (\$6,979,131 - 1980)
2. Privilege Tax and Plate Fees: \$20,311,229 (\$20,979,291 - 1980)

1979 CALENDAR YEAR

SUMMARY OF REGISTRATION DIVISION REVENUES

1. Passenger Vehicles:		\$2,529,862.50
	+	<u>1,455,825.63</u>
Generated:		\$3,985,688.13
2. Motorcycles:		\$ 84,521.50
	+	<u>76,362.34</u>
Generated:		\$ 160,883.84
3. Trailers:		\$ 474,957.00
	+	<u>214,712.94</u>
Generated:		\$ 689,669.94
4. Trucks:		\$3,407,838.19
	+	<u>499,050.38</u>
Generated:		\$3,906,888.57

SUMMARY OF MOTOR CARRIER DIVISION REVENUES WITHOUT DIESEL TAX

Trucks: \$11,569,257.42

SUMMARY OF MISC. DMV REVENUE TO HIGHWAY FUND

All: \$704,292.00

{ Includes \$440,000 +
for drivers licenses
no longer accruing
to the Highway Fund.

1979 CALENDAR YEAR

DEPARTMENT OF MOTOR VEHICLES CONTRIBUTIONS TO HIGHWAY FUND BY
VEHICLE CLASSIFICATION (WITHOUT DIESEL TAX)

1. Passenger Vehicles:	\$ 3,985,688.13	
2. Trucks:	\$11,569,257.42	(Motor Carrier)
	+ 3,906,888.57	(Registration)
	<u>\$15,476,145.99</u>	
3. Trailers:	\$ 689,669.94	
4. Motorcycles:	\$ 160,883.84	
5. Other DMV Revenues:	\$ 704,292.00	

DMV GRAND TOTAL (without Diesel Tax)	\$21,016,679.90
---	-----------------

1979 CALENDAR YEAR

DMV 6¢ Diesel Tax:	\$ 4,740,145.00
Dept. of Taxation 4½¢ Gas Tax:	\$21,387,792.60
<hr/>	
State Total 1979 Fuel Taxes:	\$26,127,937.60

1979 GASOLINE AND DIESEL TAX DISTRIBUTION

##1. Trucks and Buses:	\$11,431,000.	+
**2. Passenger Cars:	\$14,697,000	-

NOTES: ## 43.75% of fuel consumed and taxes paid.
** 56.25% of fuel consumed and taxes paid.

IMPACT OF NDOT TAX RECOMMENDATIONSParameters:

1. 1¢ gasoline tax produces \$4,688,000 in revenue to State Highway Fund and to cities and counties.

1980 Tax Department figures show \$28,127,400 collected on 6¢ tax.

2. 1¢ diesel tax produces \$828,638 in revenue to State Highway Fund.

1980 DMV figures show \$4,971,827 collected on 6¢ tax.

Using the base rate of \$1.30 per gallon retail price of gasoline, as proposed by NDOT, the following tax implications can be assumed, effective July 1, 1981:

1. \$1.30 price = 10.25¢ per gallon tax on gasoline and diesel fuel.
2. Represents an immediate increase of 4.25¢ per gallon on gasoline and diesel fuel tax from current 6¢ rate.

	\$4,688,000 - per gasoline 1¢
	x 4.25¢ - Increase
***	<u>\$19,924,000 - Total Annual Increase</u>
	x .75 - State Share
	<u>\$14,943,000 - Gasoline Tax increase to State</u>
	+ <u>3,521,712 - Diesel Tax increase to State</u>
	<u>\$18,464,712 - Total Fuel Tax increase to State</u>

*** - NOTE: 25%, or \$4,981,000 will be distributed to cities and counties.

PROPOSED

DMV-COLLECTED HIGHWAY USER FEES AND TAXES

(1980 Base Year Data Used)

Registration Division Annual Proposed Increase

Passenger Cars	\$3,004,846
Motorcycles	169,643
Trucks	831,791
Trailers	190,438
Travel Trailers	130,377
Cert. of Title, Dup of Title & Regis.	1,157,016
Misc. Fees and Penalties (DMV est.)	250,000

Total Registration Division Fees: \$5,734,111

462,284	Passenger Cars
160,326	Trucks
50,313	Trailers
20,058	Travel Trailers
19,958	Motorcycles

712,939 Total Vehicles Registered in 1980

PROPOSED

DMV-COLLECTED HIGHWAY USER FEES AND TAXES

(1979 Base Year Data Used)

Motor Carrier Division Annual Proposed Increase

1. Increase Average Mileage Tax from an average of less than 2¢ per mile to 3¢ per mile:
\$2,245,000 - Proposed Increase in Revenue

2. Increase \$20 per 1,000 pounds permit fee to \$40 per 1,000 pounds.
\$326,196 - Proposed Increase in Revenue

3. Increase \$5.00 Mileage License to \$7.00
\$252,394 - Proposed Increase in Revenue

4. Increase Pro-Rate Registration Fees from \$.50 to \$.60 per 100 pounds.
\$290,258 - Proposed Increase in Revenue

*** TOTAL INCREASE: \$3,113,848

*** NOTE - Commercial trucks and trailers pay the entire amount, or 100%.

SUMMARY OF DMV INCREASES

Registration Division:	\$5,734,111
Motor Carrier Division:	\$3,113,848
<hr/>	
Total DMV Increases:	\$8,847,959

Passenger Cars:	\$3,004,846 (or 34.0% of total)
Trucks:	\$ 831,791 - Registration Division <u>\$3,111,848 - Motor Carrier Division</u> \$3,945,639 (or 44.6% of total)
Other Categories:	\$1,897,474 (or 21.4% of total)

NDOT PROPOSED ANNUALIZED INCREASE AS OF JULY 1, 1981

\$18,464,712 - Gasoline and Diesel Tax to State
+ 8,847,959 - DMV Taxes and Fees to State

***\$27,312,671 - Total Increase to Highway Users going into State Highway Fund.

*** - NOTE: This does not include additional \$4,981,000 in annualized gasoline tax for cities and counties.

PASSENGER CARS

\$18,464,712 - Total Gasoline and Diesel Tax Increase to State Highway Fund
x .5625 - Passenger Car Allocation

\$10,386,400 - Gasoline and Diesel Tax Share
+ 3,004,846 - DMV Taxes and Fees

\$13,391,246 - Total Passenger Car Increase

÷ \$27,312,671 - Total Increase

49.0% of Total Increase

TRUCKS AND BUSES

\$18,464,712 - Total Gasoline and Diesel Tax Increase to State Highway Fund
x .4375 - Truck and Bus Allocation

\$ 8,078,312 - Gasoline and Diesel Tax Share
+ 3,365,809 - DMV Taxes and Fees

\$12,023,951 - Total Truck and Bus Increase

÷ \$27,312,671 - Total Increase

44.0% of Total Increase

MISCELLANEOUS OTHER INCREASES

\$1,897,474 or 7.0% of Total Increase

ANALYSIS OF NEVADA HIGHWAY USERS CONFERENCE PROPOSAL

EXHIBIT G

Parameters:

1. 1¢ Gasoline Tax produces \$4,700,000 in revenue to State Highway Fund.
1980 Tax Department figures show \$21,148,269 collected on 4-1/2¢ tax to State.
2. 1¢ Diesel Tax produces \$828,638 in revenue to State Highway Fund.
1980 DMV figures show \$4,971,827 collected on 6¢ tax and fuel license fees.

PROPOSAL

1. 3¢ increase in gasoline and diesel tax to State Highway Fund on 7/1/81:

$$\begin{array}{r} \$4,700,000 \\ \times \quad 3 \\ \hline \$14,100,000 \end{array} \quad + \quad \begin{array}{r} \$828,638 \\ \times \quad 3 \\ \hline \$2,486,000 \end{array}$$

\$16,586,000

Additional Revenue to State
Highway Fund from 7/1/81 to
6/30/82

2. 1¢ increase in gasoline and diesel tax to State Highway Fund on 7/1/82:

$$\begin{array}{r} \$4,700,000 \\ \times \quad 4 \\ \hline \$18,800,000 \end{array} \quad + \quad \begin{array}{r} \$828,638 \\ \times \quad 4 \\ \hline \$3,315,000 \end{array}$$

\$22,115,000

Additional Revenue to State
Highway Fund from 7/1/82 to
6/30/83

		<u>Increase</u>	
3.	{ \$5.50 } to { \$9.00 }	462,284 Passenger Cars	\$1,617,994
	{ \$3.50 } to { \$9.00 }	19,958 Motorcycles	\$ 109,769
	{ \$.50 per 100 } to { \$.60 per 100 }	160,326 Trucks	\$ 831,791
	{ \$.50 per 100 } to { \$.60 per 100 }	50,313 Trailers	\$ 190,438
	{ \$5.50 } to { \$9.00 }	20,058 Travel Trailers	\$ 70,203
	{ \$2.00 } to { \$5.00 }	Certificate of Title; Duplicate of Title; & Registration	\$1,157,016
		Miscellaneous Fees & Penalties, DMV est.	\$ 250,000

TOTAL DMV INCREASES PER YEAR: \$4,227,211

1981 - 1982

\$16,586,000	Fuel Tax Increase to State Highway Fund
4,227,211	DMV Fees and Taxes to State Highway Fund
<hr/>	
\$20,813,211	Additional Funds to State Highway Fund in Fiscal Year 1981/1982.

1982-1983

\$22,115,000	Fuel Tax Increases to State Highway Fund
4,227,211	DMV Fees and Taxes to State Highway Fund
<hr/>	
\$26,342,211	Additional Funds above current levels to State Highway Fund in Fiscal Year 1982/1983.

BREAKDOWN OF NEVADA HIGHWAY USERS CONFERENCE PROPOSAL BY VEHICLE
CLASSIFICATION

1981/1982

PASSENGER CARS:

(64.84% of Registered
Vehicles)

\$1,617,994	Registration
+ 9,329,626	56.25% of Fuel Taxes
<u>\$10,947,620</u>	<u>Total</u>
<u>\$20,813,211</u>	
52.6% of Total Increase	

TRUCKS AND BUSES:

(22.49% of Registered
Vehicles)

\$ 831,791	Registration
+ 7,256,374	43.75% of Fuel Taxes
<u>\$8,088,165</u>	<u>Total</u>
<u>\$20,813,211</u>	
38.9% of Total Increase	

MISCELLANEOUS REVENUES FROM OTHER INCREASES:

\$1,777,426	Total
<u>\$20,813,211</u>	
8.5% of Total Increase	

DEPARTMENT OF MOTOR VEHICLES
REVENUE STATEMENT
Period Ending: Dec. 31, 1980

EXHIBIT H

	CURRENT PERIOD	FISCAL YEAR TO DATE	% OF PREV YEAR	CALENDAR YEAR TO DATE	% OF PREV YEAR
REGISTRATION DIVISION					
Registration Fee	565,228.14	3,180,592.00	123.3	7,233,880.61	111.3
Title Fee	16,111.80	237,856.90	92.0	494,291.16	89.8
Personalized Plate Fee	23,250.00	205,768.50	116.4	416,252.20	110.7
Inspection & Scale Fee	2,744.00	38,519.40	95.8	86,154.20	99.3
Penalty	5,766.00	77,148.10	103.5	165,493.99	108.0
Priv. Tax Commission	148,538.95	572,533.11	111.4	1,114,466.18	106.2
Miscellaneous	6,123.63	22,942.27	136.7	47,968.59	157.8
TOTAL	767,762.52	4,335,360.28	118.4	9,558,506.93	109.3
MOTOR CARRIER DIVISION					
Unladen Weight	121,707.00	387,489.50	113.4	2,467,739.75	118.1
Mileage Tax	52,203.85	2,079,800.21	94.7	5,027,639.10	102.5
Prorate Registration	61,522.46	330,143.22	104.9	1,451,292.12	106.9
Special Fuel	44,659.59	2,598,826.04	103.9	4,971,827.05	104.9
Convoy License	8,828.25	51,425.25	74.9	125,045.75	75.0
48hr Carrier Permit	64,714.75	1,183,915.89	118.0	2,304,490.14	107.8
Public Service Fee	8,401.00	58,211.01	74.9	428,194.47	105.0
Overweight & Length <i>Permits</i>	50.00	26,443.69	164.9	326,197.20	136.8
Miscellaneous	3,420.00	34,857.25	80.8	155,589.33	101.4
Penalty & Interest	2,723.18	42,035.01	85.3	102,533.51	120.3
Priv. Tax Commission	1,118.75	3,161.03	90.9	27,379.76	106.4
TOTAL	369,348.83	6,796,308.10	102.8	17,387,928.18	106.6
HIGHWAY PATROL DIVISION	779.50	11,776.20	112.6	24,371.70	112.8
ADMINISTRATIVE SERVICES	380.10	4,577.17	4.0	93,191.28	38.5
TOTAL TO HIGHWAYS	1,138,270.95	11,148,021.75	107.2	27,063,998.09	105.1
				+ 21,148,269.00 - GAS TAX	
				# 48,212,267.09 - TOTAL	
COLLECTION FOR COUNTIES					
Privilege Tax	1,115,958.55	10,107,137.76	118.1	22,705,085.56	112.6
Plate Fee	13,753.00	76,458.00	105.6	159,541.00	104.5
TOTAL	1,129,711.55	10,183,595.76	118.0	22,864,626.56	112.6

DEPARTMENT OF MOTOR VEHICLES
REVENUE STATEMENT

Period Ending: Dec 31, 1979

	CURRENT PERIOD	FISCAL YEAR TO DATE	% OF PREV YEAR	CALENDAR YEAR TO DATE	% OF PREV YEAR
REGISTRATION DIVISION					
Registration Fee	291,811.05	2,579,656.88	96/8	6,497,179.19	103.7
Record Search	108.00	730.50	153.1	1,838.50	149.6
Title Fee	18,187.20	258,564.14	96.8	550,550.04	100.6
Personalized Plate Fee	15,227.00	176,739.55	109.4	376,102.80	116.9
Inspection & Scale Fee	3,429.00	40,189.00	102.1	86,731/65	106.9
Penalty	5,676.80	74,538.03	119.7	153,262.23	119.7
Priv. Tax Commission	118,637.89	514,165.93	111.7	1,048,911.58	117.3
Miscellaneous	8,212.20	16,049.32	48.9	28,554.49	43.4
TOTAL	461,289.14	3,660,633.35	99.2	8,743,130.48	105.3
MOTOR CARRIER DIVISION					
Unladen Weight	112,388.40	341,669.40	102.4	2,089,718.98	124.3
Mileage Tax	64,685.77	2,195,483.80	102.2	4,906,297.13	111.6
Prorate Registration	55,656.16	314,572.31	93.2	1,357,228.88	123.4
Special Fuel	31,101.78	2,500,800.15	108.2	4,740,145.18	108.3
Convoy License	7,714.75	68,674.25	81.0	166,747.75	101.2
48hr Carrier Permit	62,522.50	1,003,529.30	103.0	2,138,376.92	114.1
Public Service Fee	18,088.00	77,703.50	100.2	407,909.63	134.8
Overweight & Length PERMITS	749.00	16,035.00	98.6	238,506.00	118.8
Miscellaneous	9,225.00	43,140.86	107.7	153,492.71	150.6
Penalty & Interest	2,089.10	49,307.21	140.9	85,252.48	120.6
Priv. Tax Commission	1,299.43	3,476.94	88.2	25,726.76	134.2
TOTAL	365,519.89	6,614,392.72	104.0	16,309,402.42	114.1
HIGHWAY PATROL DIVISION					
	185.00	10,454.00	100.9	21,614.50	113.2
ADMINISTRATIVE SERVICES					
DRIVERS LICENSE	330.30	113,108.48	78.2	242,262.21	96.8
				440,415.28	
TOTAL TO HIGHWAYS	827,324.33	10,398,588.55	97.6	25,756,824.89	107.7
				+ 21,387,793.00 - GAS TAX	
				\$47,144,617.89 - TOTAL	
COLLECTION FOR COUNTIES					
Privilege Tax	572,067.63	8,555,002.63	104.3	20,158,564.82	114.7
Plate Fee	11,305.00	72,390.00	101.3	152,664.00	103.7
TOTAL	583,372.63	8,627,392.63	104.2	20,311,228.82	114.6

EXHIBIT I

A COMPARISON OF STATE TAXES PAID ON A TYPICAL, DIESEL-POWERED

5-AXLE TRACTOR-SEMI TRAILER COMBINATION

(Based on a 78,000 gross weight vehicle driving 70,000 miles per year, consuming 14,894 gallons of fuel, averaging 4.7 miles per gallon.)

State	Ton-Mile Tax	ITD Revision	Registration Fee	ITD Revision	Carrier Taxes	ITD Revision	Fuel Tax	ITD Revision	Total State Taxes	ITD Revision
1. Arizona	\$ -		\$ 655.00	\$1,958.00	\$3,095.40		\$1,191.52		\$ 4,941.92	\$6,244.92
2. New York	1,820.00	\$1,645.00	562.25	10.00	-		2,085.16	\$2,680.92	4,467.41	4,335.92
3. IDAHO	2,474.50		103.80		21.00		1,414.93		4,014.23	
4. Colorado	2,897.15	2,548.00	33.00	1,007.00	-		1,042.58		3,972.73	4,597.58
5. Iowa	-		1,660.00		10.00		1,712.81		3,382.81	
6. Montana	-		952.25	2,784.42	712.34		1,638.34		3,302.93	5,135.20
7. Nebraska	-		1,250.00	2,550.93	15.00		1,980.90	2,025.58	3,245.90	4,591.51
8. S. Dakota	-		1,430.00	3,570.00	10.00	\$ 25.00	1,787.28		3,227.28	5,382.28
9. *Illinois	-		1,520.00	1,492.00	19.00	119.00	1,642.87	1,117.05	3,181.87	2,728.05
10. Michigan	-		865.00	846.00	50.00		2,234.10	836.70	3,149.10	1,732.78
11. Ohio	1,400.00		671.40		30.00		1,042.53		3,143.98	
12. D/Columbia	-		699.00		-		2,427.72		3,126.72	
13. N. Mexico	1,826.30		75.00		-		1,191.52		3,092.82	
14. *Mississippi	-		868.75		13.00		21,42.90		3,024.65	
15. Wisconsin	-		1,625.00		40.00		1,340.46		3,005.46	
16. Oregon	2,800.00	4,480.00	200.00	205.00	5.00		-		3,005.00	4,688.00
17. Virginia	-		944.00		3.00		1,936.22		2,883.22	
18. Kansas	-		1,350.00		10.00		1,489.40		2,849.40	
19. Washington	-	926.95	1,020.75	659.40	35.00		1,787.28		2,843.03	3,408.63
20. California	-		691.00	1,662.00	420.05		1,712.81	1,936.22	2,823.86	4,018.27
21. Minnesota	-		1,158.75		20.00		1,638.34		2,817.09	
22. Pennsylvania	-		1,116.00		-		1,638.34		2,754.34	
23. Alabama	-		801.00		-		1,787.52		2,588.52	
24. *Arkansas	-		1,057.00		5.00		1,500.03		2,562.03	
25. Wyoming	2,462.64	2,839.20	60.00	960.00	15.00	10.00	-		2,537.64	3,809.20
26. Connecticut	-		878.00		10.00		1,638.34		2,526.34	
27. Kentucky	-		861.00		25.00		1,638.34		2,524.34	
28. *Indiana	-		655.50		24.00		1,785.75		2,465.25	
29. Hawaii	-		405.93		153.77		1,861.75		2,421.45	
30. N. Dakota	-		1,096.00		40.00		1,191.52		2,327.52	
31. W. Virginia	-		716.00		32.63		1,563.87		2,312.50	
32. Georgia	-		708.00		5.00		1,548.98		2,261.98	
33. *Tennessee	-		1,036.50		5.00		1,142.88		2,184.38	
34. S. Carolina	-		565.00		100.00		1,489.40		2,154.40	
35. Louisiana	-		946.00		10.00		1,191.52		2,147.52	
36. Maine	-		791.00		8.00		1,340.46		2,139.46	
37. N. Hampshire	-		469.00		10.00		1,638.34		2,117.34	
38. N. Carolina	-		784.00		1.00		1,340.46		2,105.46	
39. Missouri	-		1,058.50		25.00		1,000.02		2,083.52	
40. Maryland	-		659.00		-		1,340.46		1,979.46	
41. Rhode Island	-		430.00		7.00		1,489.40		1,926.40	
42. Massachusetts	-		420.00		10.00		1,489.40		1,919.40	
43. N. Jersey	-		688.50		-		1,195.52		1,884.02	
44. Utah	-		526.00	1,442.44	-		1,340.46		1,866.46	2,782.90
45. Vermont	-		1,786.33		-		-		1,786.33	
46. Texas	-		795.30		11.00		968.11		1,774.41	
47. Delaware	-		399.60		-		1,340.46		1,740.06	
48. Florida	-		473.00		108.00		1,191.52		1,722.52	
49. Oklahoma	-		731.00		5.00		968.11		1,704.11	
50. Alaska	-		230.00		55.00		1,191.52		1,476.52	
51. Nevada	-		136.00	1,132.13	3.00		893.64		1,032.64	2,228.77

* States not having a statute allowing the maximum gross weight of 78,000 pounds, instead having a weight of 73,280 pounds.

Information source: The above noted calculations will be included in the 1981 update of the publication "Road User & Property Taxes on Selected Motor Vehicles," developed by Federal Highway Administration in cooperation with the Department of Interstate Cooperation, American Trucking Associations, Inc.

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 "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 officials 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 annually

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

(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 K

DEPARTMENT OF MOTOR VEHICLES

555 WRIGHT WAY

CARSON CITY, NEVADA 89711
DRIVER'S LICENSE DIVISION
(702) 885-5360

February 17, 1981

TO: CHAIRMAN BLAKEMORE
SENATE TRANSPORTATION COMMITTEE

FROM: *Sharon Alcamo*
SHARON P. ALCAMO, CHIEF, DRIVER'S LICENSE DIVISION

SUBJECT: SB 80

There were three separate requests for additional information by the Senate Transportation Committee concerning SB 80. The following is provided in response to those requests.

1. DRIVER'S LICENSE FEES CLASSIFIED AS A TAX

Our counsel advises us the driver's license fees are user fees and cannot be considered a tax. If consideration is being given to attempting to change them from a fee to a tax, it will be necessary for you to coordinate it through the Legislative Counsel Bureau.

2. DELETE POWER CYCLE WORDING

In addition to the wording already deleted in SB 80 concerning 486.161, it appears necessary to remove wording from two more subsections to fully eliminate any reference to power cycles. The additional wording to be deleted is as follows:

486.161.3 Any person who has been issued a driver's license without having the authority to drive a motorcycle [or power cycle] endorsed thereon shall, before driving a motorcycle, [as defined in NRS 486.041,] successfully pass a driving test conducted by the department [, pay a fee of \$2] and have [such] the authority endorsed upon [such] his license.

486.161.4 [4. As used in this section, "power cycle" means every motor vehicle equipped with a seat or saddle for the use of the driver designed to travel on not more than three wheels in contact with the ground and propelled by a motor of 70 cc. displacement or less which produces 6 1/2 horsepower or less.]

3. COST OF PRODUCING LICENSE

Enclosed is a report concerning the cost of producing a license.



DEPARTMENT OF MOTOR VEHICLES

555 WRIGHT WAY

CARSON CITY, NEVADA 89711

DRIVER'S LICENSE DIVISION
(702) 885-5360

February 17, 1981

TO: SENATE TRANSPORTATION COMMITTEE MEMBERS
FROM: *Sharon P. Alcamo*
SHARON P. ALCAMO, CHIEF, DRIVER'S LICENSE DIVISION
SUBJECT: COST OF PRODUCING A LICENSE

The direct cost of producing a license is \$6.59 per license; the combined indirect and direct costs of producing one are \$7.40.

The following is a description of the method as well as the actual figures used in computing the cost. It is based on fiscal year 1979-80 and addresses the following three areas:

- I. Total of all direct and indirect costs associated with the administration of the Driver's License Division during fiscal year 1979-80.
- II. Percentage of time and resources allocated to the issuance of driver's licenses and other Divisional responsibilities.
- III. Total number of licenses issued for all classes including originals, renewals, duplicates, changes, and identification cards for fiscal year 1979-80.

I. DIRECT AND INDIRECT COSTS:

DIVISION/SERVICE PROVIDED/PERSON	% DLD	ANNUAL SALARY/COST	INDIRECT COST FOR DLD	DIRECT COST FOR DLD
A. Driver's License Division Budget (FY 1979-80)	100%	1,618,486		1,618,486
B. Director's Office				
Director	12%	36,925	4,431	
Secretary	10%	16,796	1,679	
Deputy Director	10%	24,793	2,479	
Deputy Director's Secretary	10%	15,345	1,534	
Assistant to the Director	15%	26,638	3,995	
Hearings Officer	90%	25,424	22,881	
Hearings Officer's Secretary	90%	14,032	12,628	

DIVISION/SERVICE PROVIDED/PERSON	% DLD	ANNUAL SALARY/COST	INDIRECT COST FOR DLD	DIRECT COST FOR DLD
Deputy Attorney General Northern	30%	27,170	8,151	
Deputy Attorney General Southern	30%	27,958	8,387	
Legal Secretary	70%	15,345	10,741	
Personnel Officer	20%	26,638	5,327	
Training Officer	20%	22,114	4,422	
Personnel Technician	15%	16,796	2,519	
Personnel Clerk	15%	11,763	1,764	
C. Administrative Services Division (Driver's License Division costs)				
Salaries			56,962	210,716
Operating (Space, Telephone, Mail, etc.)				
D. Automation Division (Driver's License Division costs)				
Salaries			108,302	
Computer Facility (including storage)				125,000
Raytheon Mini-Computer Hardware				99,960
Microwave				4,000
Phone lines				1,100
Microfiche				24,000
Printed Forms				3,605
		TOTAL	256,202	2,086,867

II. PERCENTAGE ALLOCATION:

The following is a breakdown by section of the percentage of staffing, money, and resources allocated to the issuance of driver's licenses versus other Divisional responsibilities.

SECTION	PERCENT ALLOCATION OF RESOURCE	
	DRIVER'S LICENSE ISSUANCE	OTHER RESPONSIBILITIES
Division Administration	1%	1%
Examining Bureau	67%	
Special Programs Bureau		1%
License Withdrawal Section		7%
Safety Responsibility Section		10%
Documents Section	7%	6%
TOTAL PERCENTAGE ALLOCATION	75%	25%

III. TOTAL TRANSACTIONS:

The total number of driver's licenses and identification cards for FY 1979-80 were as follows:

Originals	59,715
Renewals	71,809
Duplicates	4,539
Changes	74,178
Endorsements	5,689
Instruction Permits	14,699
Original Identification Cards	5,919
Duplicate Identification Cards	57
Changed Identification Cards	<u>910</u>
TOTAL TRANSACTIONS	237,515

<u>(I) TOTAL DIRECT COST</u>		<u>(II) % DRIVER'S LICENSE ISSUANCE</u>		<u>(III) TOTAL TRANSACTIONS</u>	=	<u>AVERAGE COST PER LICENSE</u>
\$2,086,867	X	<u>.75</u>	÷	<u>237,515</u>	=	<u>\$6.59</u>

<u>(I) TOTAL DIRECT AND INDIRECT COST</u>		<u>(II) % DRIVER'S LICENSE ISSUANCE</u>		<u>(III) TOTAL TRANSACTIONS</u>	=	<u>AVERAGE COST PER LICENSE</u>
\$2,343,069	X	.75	÷	<u>237,515</u>	=	<u>\$7.40</u>

As previously stated, the cost of producing a license is based on FY 79-80. This fiscal year was chosen because it was the most current year from which we could take the actual cost of operating as well as the actual activity which occurred. However, for each subsequent year a minimum of at least 12 inflationary cost should be added.

15% 80-81- 8.29
 " 81-82 9.28
 " 82-83 10.39

