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**Hobbs, Ong
& Associates, Inc.**

Financial Consultants/Advisors

April 8, 2003

Assemblywoman Vonne Chowning, Chairwoman
Assembly Transportation Committee

Chairwoman Chowning:

I am writing in regards to AB 525, which will revise the method by which proceeds from certain taxes on motor vehicle fuel are allocated between local governments in certain counties.

I respectfully request that the Chair remand this proposed legislation to the Legislative Committee for Local Government Taxes and Finance (the "Committee") for a thorough review and analysis.

This bill proposes to change the distribution process for motor vehicle fuel tax revenues collected pursuant to Chapter 365 of NRS. In this case, the distribution basis for these revenues, in certain instances, would become population, in lieu of the current methodology which includes a combination of factors giving equal weight to total area, population, road mileage and street mileage of nonfederal aid primary roads, and vehicle miles of travel on nonfederal aid primary roads.

Having coordinated the work of the Advisory Committee to the Committee, we are extremely cautious of any recommendation that would usurp the mechanics of the distribution formulae in favor of a special distribution. Special distributions, by their very nature, tend to benefit a specific group and virtually always are made at the expense of another entity. The Chair should be aware that Advisory Committee members have been and continue to review the mechanics of motor vehicle fuel tax revenue distribution. This, or any similar measure, should not progress unless the fiscal impact to all affected entities is clearly reviewed and understood. Any alternative method should first be remanded to the Committee for its review and recommendation.

We respectfully urge your favorable consideration of this request. We would be pleased to answer any questions of the Chair or the Committee Members at their convenience.

Respectfully,

Guy S. Hobbs
Chairman, Advisory Committee to the
Legislative Committee for Local Government Taxes and Finance

cc: Legislative Committee for Local Government Taxes and Finance
Advisory Committee

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ASSEMBLY TRANSPORTATION
DATE: 4/8/03 ROOM: 3143 EXHIBIT J
SUBMITTED BY: Mike Alastuey