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April 2, 2003

The Honorable Senator Mike McGinness, Chairman
Members of the Senate Taxation Committee
Legislative Building
401 S. Carson Street
Carson City, NV 89701-4747

Re: Senate Bill 470

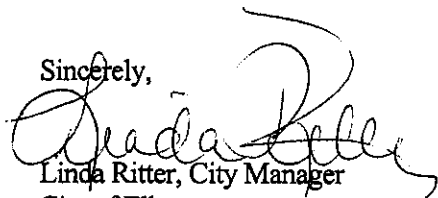
"Makes various changes concerning imposition, distribution and use of certain taxes on aviation fuel and fuel for jet or turbine-powered aircraft."

Honorable Chairman McGinness and Committee Members:

Currently NRS 365 provides that only a board of county commissioners can levy aviation fuel taxes. In some cases, another type of governmental entity may own and operate the airport. In Elko County, the City of Elko operates the Elko Regional Airport, while the County of Elko operates the Jackpot Municipal Airport and the City of Wells operates their own municipal airport. Based on current law, aviation fuel taxes are distributed in Elko County based upon assessed valuation, with Elko County being credited with the all assessed valuation in the county, including that of the cities. Thus, the Jackpot Municipal Airport receives the majority of the aviation fuel taxes. This method of distribution clearly does not reflect aviation activity or need.

Senate Bill 470 provides that the entity that operates an airport can levy the aviation fuel taxes, and those taxes are returned to that entity for use on the airport. Thus, the entity that charges the tax is ultimately responsible for its use. This proposal would not impact the operations of McCarran International Airport or the Reno-Tahoe International Airport. This proposed legislation was unanimously supported by the Legislative Committee on Local Government Tax and Finance.

Sincerely,


Linda Ritter, City Manager
City of Elko

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EXHIBIT H Committee on Taxation

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