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COMMENTS FOR AB 516

BY

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MAY 19, 2003

ASSEMBLY BILL NO. 516 IS ONE OF THE RECOMMENDATIONS OF THE LEGISLATIVE COMMITTEE FOR LOCAL GOVERNMENT TAXES AND FINANCE FOR WHICH I SERVED AS CHAIRMAN DURING THE 2001-02 INTERIM. FOR PURPOSES OF ISSUES RELATED TO FUEL TAXES AND THE ROAD CONSTRUCTION AND MAINTENANCE NEEDS OF LOCAL GOVERNMENTS, THE LEGISLATIVE COMMITTEE CONSULTS WITH A SUBCOMMITTEE CONSISTING OF 11 MEMBERS, INCLUDING THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF TAXATION AND 10 OTHER MEMBERS APPOINTED BY GROUPS REPRESENTING LOCAL GOVERNMENTS AND REPRESENTING VARIOUS GEOGRAPHICAL AREAS OF THE STATE. MARVIN LEAVITT CHAIRED THE SUBCOMMITTEE, AND I BELIEVE HE IS IN ATTENDANCE AND HOPEFULLY WILL PROVIDE ADDITIONAL COMMENTARY ON AB 516.

BASED ON THE COMMITTEE'S FINDINGS REGARDING FUEL TAXES AND THE ROAD CONSTRUCTION AND MAINTENANCE NEEDS OF LOCAL GOVERNMENTS, THE COMMITTEE APPROVED THE SUBCOMMITTEE'S RECOMMENDATION TO DRAFT LEGISLATION TO ADDRESS THREE DISTINCT CONCERNS WITH RESPECT TO MOTOR VEHICLE FUEL TAXES. A.B. 516 INCORPORATES THREE OF THE TEN RECOMMENDATIONS MADE BY THE 557 INTERIM COMMITTEE. IT DOES THE FOLLOWING:

- ADJUSTING THE INTERCOUNTY FUEL TAX DISTRIBUTION FORMULA SO THAT THE FORMULA IS BASED TWO-THIRDS ON POPULATION AND ONE-THIRD ON ROADWAY MILEAGE, WHILE HOLDING HARMLESS THE COUNTIES THAT WOULD LOSE REVENUES UNDER THE FORMULA BY TAKING A PROPORTIONATE SHARE OF THE GAINS RECEIVED BY THE COUNTIES THAT RECEIVE ADDITIONAL REVENUES UNDER THE FORMULA AND DISTRIBUTING THAT PROPORTIONATE SHARE AS NECESSARY TO ENSURE THAT COUNTIES DO NOT LOSE REVENUES.

- CLARIFYING THAT ROAD MILEAGE MEANS THE MILEAGE FROM ONE END OF A ROADWAY TO THE OTHER WITHOUT REGARD TO THE NUMBER OF LANES THE ROADWAY HAS FOR THE PURPOSES OF THE INTERCOUNTY AND INTRACOUNTY FUEL TAX DISTRIBUTION FORMULAS.

- REQUIRING THE NEVADA DEPARTMENT OF MOTOR VEHICLES TO APPORTION DIRECTLY TO LOCAL GOVERNMENTS THE RECEIPTS OF THE ONE-CENT TAX ON MOTOR VEHICLE FUELS, EXCEPT AVIATION FUEL, IMPOSED FOR THE COSTS OF MAINTAINING EXISTING LOCAL GOVERNMENT ROADS, HIGHWAYS AND STREETS.

THE PROVISIONS REGARDING THE REVISION TO THE LOCAL GAS TAX DISTRIBUTION FORMULA AND THE CLARIFICATION OF WHAT IS MEANT BY ROAD MILEAGE BECAUSE OF A PREVIOUSLY APPROVED

AMENDMENT TO NRS 365.550. THE ROADS SUBCOMMITTEE POINTED OUT THAT BECAUSE THE FORMULA IMPLEMENTED PURSUANT TO SB 557 ONLY ALLOCATED A SMALL PORTION OF MOTOR VEHICLE FUEL TAX REVENUES UNDER THE NEW FORMULA BASED TWO-THIRDS ON POPULATION AND ONE-THIRD ON ROAD AND STREET MILEAGE, THE INTENT OF THE COMMITTEE DURING THE PREVIOUS BIENNIUM WAS NOT BEING CARRIED OUT. AS A RESULT, THE COMMITTEE APPROVED THE AMENDMENT DESCRIBED EARLIER. WHILE THE AMENDMENT WILL HAVE ONLY A SMALL EFFECT ON THE DISTRIBUTION OF REVENUES IN EXCESS OF THE FY 2000-01 AMOUNTS TO THE DONOR COUNTIES, IT WILL PROVIDE A MORE PREDICTABLE DISTRIBUTION AS THE FORMULA ALLOWS THE EXISTING "HOLD HARMLESS" COUNTIES TO EXCEED THEIR FY 2000-01 GUARANTEE AMOUNTS.

BASED ON THE REQUEST FROM REPRESENTATIVES OF NDOT, THE LEGISLATIVE COMMITTEE APPROVED THE SUBCOMMITTEE'S RECOMMENDATION TO CLARIFY THAT ROAD MILEAGE MEANS CENTERLINE TO ENSURE CONSISTENCY IN THE REPORTING OF MILEAGE BY COUNTIES AND CITIES.

FINALLY, THE DIRECT DISTRIBUTION OF REVENUES FROM THE ONE-CENT PER GALLON GASOLINE TAX TO LOCAL GOVERNMENTS MERELY CORRECTS AN OVERSIGHT IN SB 124 OF THE 2001 SESSION, WHICH PROVIDED FOR THE DIRECT DISTRIBUTION OF EACH ENTITY'S SHARE OF ALL OTHER LOCAL GASOLINE TAXES.

THANK YOU FOR YOUR CONSIDERATION OF AB 516.