
ASSEMBLY BILL NO. 35—COMMITTEE ON ELECTIONS,
PROCEDURES, AND ETHICS

(ON BEHALF OF THE LEGISLATIVE COMMITTEE ON LOCAL
GOVERNMENT TAXES AND FINANCE)

PREFILED JANUARY 30, 2003

Referred to Committee on Elections, Procedures, and Ethics

SUMMARY—Makes various changes concerning Legislative
Committee for Local Government Taxes and
Finance. (BDR 17-631)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to the State Legislature; changing the membership
of the Advisory Committee of the Legislative Committee
for Local Government Taxes and Finance; eliminating the
subcommittee of the Legislative Committee appointed to
conduct a study of the cost to the counties and
incorporated cities in this state of maintaining highways,
streets and roads; and providing other matters properly
relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 218.53881 is hereby amended to read as
2 follows:
3 218.53881 1. There is hereby established a Legislative
4 Committee for Local Government Taxes and Finance consisting of:
5 (a) Two members appointed by the Majority Leader of the
6 Senate from the membership of the Senate Standing Committee on
7 Government Affairs during the immediately preceding session of
8 the Legislature;



1 (b) Two members appointed by the Majority Leader of the
2 Senate from the membership of the Senate Standing Committee on
3 Taxation during the immediately preceding session of the
4 Legislature;

5 (c) Two members appointed by the Speaker of the Assembly
6 from the membership of the Assembly Standing Committee on
7 Government Affairs during the immediately preceding session of
8 the Legislature; and

9 (d) Two members appointed by the Speaker of the Assembly
10 from the membership of the Assembly Standing Committee on
11 Taxation during the immediately preceding session of the
12 Legislature.

13 2. The Committee shall consult with an Advisory Committee
14 consisting of the Executive Director of the Department of Taxation
15 and 10 members who are representative of various geographical
16 areas of the State and are appointed for terms of 2 years
17 commencing on July 1 of each odd-numbered year as follows:

18 (a) One member of the Committee on Local Government
19 Finance created pursuant to NRS 354.105 appointed by the Nevada
20 League of Cities;

21 (b) One member of the Committee on Local Government
22 Finance created pursuant to NRS 354.105 appointed by the Nevada
23 Association of Counties;

24 (c) One member of the Committee on Local Government
25 Finance created pursuant to NRS 354.105 appointed by the Nevada
26 School Trustees Association;

27 (d) Three members involved in the government of a county
28 appointed by the Nevada Association of Counties;

29 (e) Three members involved in the government of an
30 incorporated city appointed by the Nevada League of Cities; and

31 (f) One member who ~~is a member of~~ *represents* a board of
32 trustees for a general improvement district appointed by the
33 Legislative Commission.

34 The members of the Advisory Committee are nonvoting members of
35 the Committee. When meeting as the Advisory Committee, the
36 members shall comply with the provisions of chapter 241 of NRS.

37 3. The legislative members of the Committee shall elect a
38 Chairman from one house of the Legislature and a Vice Chairman
39 from the other house. Each Chairman and Vice Chairman holds
40 office for a term of 2 years commencing on July 1 of each odd-
41 numbered year.

42 4. Any member of the Committee who is not a candidate for
43 reelection or who is defeated for reelection continues to serve until
44 the next session of the Legislature convenes.



1 5. Vacancies on the Committee must be filled in the same
2 manner as original appointments.

3 6. The Committee shall report annually to the Legislative
4 Commission concerning its activities and any recommendations.

5 **Sec. 2.** NRS 218.53883 is hereby amended to read as follows:
6 218.53883 1. The Committee shall:

7 (a) Review the laws relating to the distribution of revenue
8 generated by state and local taxes. In conducting the review, the
9 Committee may consider the purposes for which the various state
10 and local taxes were imposed, the actual use of the revenue
11 collected from the various state and local taxes and any relief to the
12 taxpayers from the burden of the various state and local taxes that
13 may result from any possible recommendations of the Committee.

14 (b) Study whether removing the authority of the Board of
15 County Commissioners of Washoe County to impose a certain
16 additional governmental services tax is a prudent act which is in the
17 best interests of this state.

18 2. In conducting its review of the laws relating to the
19 distribution of revenue generated by state and local taxes, the
20 Committee may review:

21 (a) The distribution of the revenue from:

22 (1) The local school support tax imposed by chapter 374 of
23 NRS;

24 (2) The tax on aviation fuel and motor vehicle fuel imposed
25 by or pursuant to chapter 365 of NRS;

26 (3) The tax on intoxicating liquor imposed by chapter 369 of
27 NRS;

28 (4) The tax on fuel imposed pursuant to chapter 373 of NRS;

29 (5) The tax on tobacco imposed by chapter 370 of NRS;

30 (6) The governmental services tax imposed by or pursuant to
31 chapter 371 of NRS;

32 (7) The tax imposed on gaming licensees by or pursuant to
33 chapter 463 of NRS;

34 (8) Property taxes imposed pursuant to chapter 361 of NRS;

35 (9) The tax on the transfer of real property imposed by or
36 pursuant to chapter 375 of NRS; and

37 (10) Any other state or local tax.

38 (b) The proper crediting of gasoline tax revenue if the collection
39 is moved to the terminal rack level.

40 3. The Committee may:

41 (a) Conduct investigations and hold hearings in connection with
42 its review and study;

43 (b) ~~Contract with one or more consultants to obtain technical~~
44 ~~advice concerning the study conducted pursuant to NRS 218.53884;~~



1 ~~(e)~~ Apply for any available grants and accept any gifts, grants
2 or donations and use any such gifts, grants or donations to aid the
3 Committee in carrying out its duties pursuant to this chapter;

4 ~~(d)~~ (c) Direct the Legislative Counsel Bureau to assist in its
5 research, investigations, review and study; and

6 ~~(e)~~ (d) Recommend to the Legislature, as a result of its review
7 and study, any appropriate legislation.

8 **Sec. 3.** NRS 365.550 is hereby amended to read as follows:

9 365.550 1. The receipts of the tax levied pursuant to NRS
10 365.180 must be allocated monthly by the Department to the
11 counties using the following formula:

12 (a) Determine the average monthly amount each county received
13 in the fiscal year ending on June 30, 2001, and allocate to each
14 county that amount, or if the total amount to be allocated is less than
15 that amount, allocate to each county a percentage of the total
16 amount to be allocated that is equal to the percentage of the total
17 amount allocated to that county in the fiscal year ending on June 30,
18 2001;

19 (b) Determine for each county an amount from the total amount
20 to be allocated using the following formula:

21 (1) Two-thirds in proportion to population; and

22 (2) One-third in proportion to road mileage and street
23 mileage of improved roads or streets maintained by the county or an
24 incorporated city located within the county,

25 and compare that amount to the amount allocated to the county
26 pursuant to paragraph (a);

27 (c) Identify each county for which the amount determined
28 pursuant to paragraph (b) is greater than the amount allocated to the
29 county pursuant to paragraph (a); and

30 (d) Allocate to any county which is identified pursuant to
31 paragraph (c), using the formula set forth in paragraph (b), any
32 amount from the tax levied pursuant to NRS 365.180 that remains
33 after the allocation required pursuant to paragraph (a).

34 2. Within 10 calendar days after June 1 of each fiscal year, the
35 Department shall:

36 (a) Project the total amount that each county will be allocated
37 pursuant to subsection 1 for the current fiscal year.

38 (b) If the total amount allocated to all the counties will not
39 exceed the total amount that was received by all the counties for the
40 fiscal year ending on June 30, 2001, adjust the final monthly
41 allocation to be made to each county so that each county is allocated
42 a percentage of the total amount to be allocated that is equal to the
43 percentage of the total amount allocated to that county in the fiscal
44 year ending on June 30, 2001.



1 (c) If a county receives an allocation pursuant to paragraph (d)
2 of subsection 1, determine whether the total monthly allocations
3 projected to be made to that county pursuant to subsection 1 for the
4 current fiscal year exceed the total amount the county received in
5 the fiscal year ending on June 30, 2001. If the total monthly
6 allocations projected to be made to the county do not exceed the
7 total amount the county received in the fiscal year ending on
8 June 30, 2001, the Department shall adjust the final monthly
9 allocation to be made to the county for the current fiscal year so that
10 the total amount allocated to the county for the current fiscal year
11 equals the total amount the county received in the fiscal year ending
12 on June 30, 2001.

13 3. Of the money allocated to each county pursuant to the
14 provisions of subsections 1 and 2:

15 (a) An amount equal to that part of the allocation which
16 represents 1.25 cents of the tax per gallon must be used exclusively
17 for the service and redemption of revenue bonds issued pursuant to
18 chapter 373 of NRS, for the construction, maintenance and repair of
19 county roads, and for the purchase of equipment for that
20 construction, maintenance and repair, under the direction of the
21 boards of county commissioners of the several counties, and must
22 not be used to defray expenses of administration; and

23 (b) An amount equal to that part of the allocation which
24 represents 2.35 cents of the tax per gallon must be allocated to the
25 county, if there are no incorporated cities in the county, or to the
26 county and any incorporated cities in the county, if there is at least
27 one incorporated city in the county, pursuant to the following
28 formula:

- 29 (1) One-fourth in proportion to total area.
- 30 (2) One-fourth in proportion to population.
- 31 (3) One-fourth in proportion to road mileage and street
32 mileage of nonfederal aid primary roads.
- 33 (4) One-fourth in proportion to vehicle miles of travel on
34 nonfederal aid primary roads.

35 For the purpose of applying the formula, the area of the county
36 excludes the area included in any incorporated city.

37 4. The amount allocated to the counties and incorporated
38 cities pursuant to subsections 1, 2 and 3 must be remitted monthly.
39 The State Controller shall draw his warrants payable to the county
40 treasurer of each of the several counties and the city treasurer of
41 each of the several incorporated cities, as applicable, and the State
42 Treasurer shall pay the warrants out of the proceeds of the tax levied
43 pursuant to NRS 365.180.

44 5. The formula computations must be made as of July 1 of each
45 year by the Department, based on estimates which must be furnished



1 by the Department of Transportation and, if applicable, any
2 adjustments to the estimates determined to be appropriate by the
3 Committee pursuant to subsection 9. Except as otherwise provided
4 in subsection 9, the determination made by the Department is
5 conclusive.

6 6. The Department of Transportation shall complete:

7 (a) The estimates of the total mileage of improved roads or
8 streets maintained by each county and incorporated city on or before
9 August 31 of each year.

10 (b) A physical audit of the information submitted by each
11 county and incorporated city pursuant to subsection 7 at least once
12 every 10 years.

13 7. Each county and incorporated city shall, not later than
14 March 1 of each year, submit a list to the Department of
15 Transportation setting forth:

16 (a) Each improved road or street that is maintained by the
17 county or city; and

18 (b) The beginning and ending points and the total mileage of
19 each of those improved roads or streets.

20 Each county and incorporated city shall, at least 10 days before the
21 list is submitted to the Department of Transportation, hold a public
22 hearing to identify and determine the improved roads and streets
23 maintained by the county or city.

24 8. If a county or incorporated city does not agree with the
25 estimates prepared by the Department of Transportation pursuant to
26 subsection 6, the county or incorporated city may request that the
27 ~~[subcommittee]~~ *Advisory Committee* examine the estimates and
28 recommend an adjustment to the estimates. Such a request must be
29 submitted to the ~~[subcommittee]~~ *Advisory Committee* not later than
30 October 15.

31 9. The ~~[subcommittee]~~ *Advisory Committee* shall review any
32 request it receives pursuant to subsection 8 and report to the
33 Committee its findings and any recommendations for an adjustment
34 to the estimates it determines is appropriate. The Committee shall
35 hold a public hearing and determine whether an adjustment to the
36 estimates is appropriate on or before December 31 of the year it
37 receives a request pursuant to subsection 8. Any determination made
38 by the Committee pursuant to this subsection is conclusive.

39 10. The ~~[subcommittee]~~ *Advisory Committee* shall monitor the
40 fiscal impact of the formula set forth in this section on counties and
41 incorporated cities and report regularly to the Committee concerning
42 its findings and recommendations regarding that fiscal impact.

43 11. As used in this section:

44 (a) *“Advisory Committee” means the Advisory Committee*
45 *appointed pursuant to NRS 218.53881.*



1 (b) "Committee" means the Legislative Committee for Local
2 Government Taxes and Finance established pursuant to
3 NRS 218.53881.

4 ~~[(b)]~~ (c) "Construction, maintenance and repair" includes the
5 acquisition, operation or use of any material, equipment or facility
6 that is used exclusively for the construction, maintenance or repair
7 of a county or city road and is necessary for the safe and efficient
8 use of that road, including, without limitation:

- 9 (1) Grades and regrades;
- 10 (2) Graveling, oiling, surfacing, macadamizing and paving;
- 11 (3) Sweeping, cleaning and sanding roads and removing
12 snow from a road;
- 13 (4) Crosswalks and sidewalks;
- 14 (5) Culverts, catch basins, drains, sewers and manholes;
- 15 (6) Inlets and outlets;
- 16 (7) Retaining walls, bridges, overpasses, underpasses,
17 tunnels and approaches;
- 18 (8) Artificial lights and lighting equipment, parkways,
19 control of vegetation and sprinkling facilities;
- 20 (9) Rights-of-way;
- 21 (10) Grade and traffic separators;
- 22 (11) Fences, cattle guards and other devices to control access
23 to a county or city road;
- 24 (12) Signs and devices for the control of traffic; and
- 25 (13) Facilities for personnel and the storage of equipment
26 used to construct, maintain or repair a county or city road.

27 ~~[(c)]~~ (d) "Improved road or street" means a road or street that is,
28 at least:

- 29 (1) Aligned and graded to allow reasonably convenient use
30 by a motor vehicle; and
- 31 (2) Drained sufficiently by a longitudinal and transverse
32 drainage system to prevent serious impairment of the road or street
33 by surface water.

34 ~~[(d)] "Subcommittee" means the subcommittee appointed
35 pursuant to NRS 218.53884.]~~

36 **Sec. 4.** NRS 218.53884 is hereby repealed.

37 **Sec. 5.** 1. This act becomes effective on July 1, 2003.

38 2. Section 3 of this act expires by limitation on June 30, 2005.



TEXT OF REPEALED SECTION

218.53884 Study of cost and practices for local maintenance of highways, roads and streets: Appointment and duties of subcommittee; payment of cost of study. [Effective through July 1, 2005.]

1. The Committee shall appoint a subcommittee to conduct a study of the cost to the counties and incorporated cities in this state of maintaining highways, roads and streets and the practices of the counties and incorporated cities in maintaining those highways, roads and streets.

2. The subcommittee shall:

- (a) Identify the practices and procedures used to maintain the highways, roads and streets in this state or in any other state;
- (b) Develop a database for a uniform system of maintenance of highways, roads and streets by counties and incorporated cities;
- (c) Identify procedures for developing that database;
- (d) Develop computer software for use in support of those procedures;
- (e) Prepare a manual that sets forth those procedures; and
- (f) Determine the average cost per mile of the highways, roads and streets maintained by the counties and incorporated cities in this state.

3. As soon as practicable after July 1, 1997, the Director of the Legislative Counsel Bureau shall determine the cost of the study and notify the Executive Director of the Department of Taxation of the cost of the study. The cost of the study must not exceed \$250,000.

4. Upon receipt of the notice required pursuant to subsection 3, the Executive Director shall prorate the cost of the study for each month of the 1997-98 fiscal year among each of the counties and cities in the proportion that the amount allocated to a county or city each month pursuant to NRS 365.550 bears to the total amount allocated to all the counties and cities for that month. After determining each month the prorated cost for each county and city, the Executive Director shall:

- (a) Withhold the prorated amount from the amount allocated to the county or city for that month pursuant to NRS 365.550; and
- (b) Notify the State Controller, in writing, of the amount withheld.



5. Upon receipt of the notice required pursuant to subsection 4, the State Controller shall transfer the amount specified in the notice to the Legislative Fund.

6. The money transferred to the Legislative Fund pursuant to subsection 5 is hereby authorized for expenditure by the Director of the Legislative Counsel Bureau to pay the cost of the study conducted pursuant to this section.

7. The Committee shall, not later than November 1, 1998, submit a report of the findings of the subcommittee, including any recommended legislation, to the Director of the Legislative Counsel Bureau for transmittal to the 70th Session of the Nevada Legislature.

