

ASSEMBLY BILL NO. 516—COMMITTEE ON TAXATION

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

MARCH 24, 2003

Referred to Committee on Taxation

SUMMARY—Makes various changes to provisions governing
taxes on motor vehicle fuels. (BDR 32-622)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

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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 taxation; providing for an annual adjustment in
the rate of certain taxes on motor vehicle fuel based on
the increase or decrease in the Consumer Price Index;
revising the formula for the distribution among counties
of revenue from a certain additional tax on certain motor
vehicle fuel; 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.** Chapter 365 of NRS is hereby amended by adding
- 2 thereto a new section to read as follows:
- 3 *On or before April 15 of each year, the Department shall notify*
- 4 *the governing body of each county, city and other political*
- 5 *subdivision in writing of:*
- 6 1. *The adjusted rate of any tax levied within that political*
- 7 *subdivision for the succeeding fiscal year pursuant to NRS*
- 8 *365.175, 365.180, 365.190, 365.192 and 373.030; and*
- 9 2. *The total rate of taxes levied within that political*
- 10 *subdivision pursuant to those sections for the succeeding fiscal*
- 11 *year, rounded to the nearest 1/10 of 1 cent.*



1 **Sec. 2.** NRS 365.175 is hereby amended to read as follows:
2 365.175 1. Except as otherwise provided in NRS 365.135,
3 every supplier shall, not later than the last day of each calendar
4 month:

5 (a) Submit to the Department a statement of all motor vehicle
6 fuel, except aviation fuel, sold, distributed or used by him in this
7 state; and

8 (b) ~~[Pay]~~ *Except as otherwise provided in this section, pay* an
9 excise tax on all motor vehicle fuel, except aviation fuel, in the
10 amount of 17.65 cents per gallon sold, distributed or used in the
11 manner prescribed in this chapter.

12 2. *Beginning with the Fiscal Year 2004-2005, the rate of the*
13 *tax imposed by subsection 1 must be increased or decreased each*
14 *fiscal year in an amount corresponding to the average percentage*
15 *of the increase or decrease in the Consumer Price Index (All*
16 *Items) published by the United States Department of Labor for the*
17 *5 calendar years immediately preceding that fiscal year. In no*
18 *event may the rate of the tax be:*

19 (a) *Decreased in any fiscal year below 17.65 cents per gallon.*

20 (b) *Increased in any fiscal year by more than 4 percent.*

21 3. *If the average percentage increase in the Consumer Price*
22 *Index (All Items) for the 5 calendar years immediately preceding a*
23 *fiscal year is greater than 4 percent, the amount of the percentage*
24 *increase that exceeds 4 percent must be carried forward and used*
25 *to adjust the rate of the tax in each succeeding fiscal year for*
26 *which there is an average percentage decrease in the Consumer*
27 *Price Index (All Items) or the average percentage increase in the*
28 *Consumer Price Index (All Items) is less than 4 percent, until the*
29 *percentage amount being carried forward is depleted.*

30 4. *On or before April 1 of each year, the Department shall*
31 *calculate the increase or decrease in the rate of the tax imposed by*
32 *subsection 1 and adjust the rate of the tax for the succeeding fiscal*
33 *year.*

34 5. A supplier shall hold the amount of all taxes collected
35 pursuant to this chapter in a separate account in trust for the State.

36 **Sec. 3.** NRS 365.180 is hereby amended to read as follows:

37 365.180 1. ~~[Ha]~~ *Except as otherwise provided in this section*
38 *and in addition to any other tax provided for in this chapter, there is*
39 *hereby levied an excise tax of 3.6 cents per gallon on all motor*
40 *vehicle fuel, except aviation fuel.*

41 2. *Beginning with Fiscal Year 2004-2005, the rate of the tax*
42 *levied pursuant to subsection 1 must be increased or decreased*
43 *each fiscal year in an amount corresponding to the average*
44 *percentage in the increase or decrease in the Consumer Price*
45 *Index (All Items) published by the United States Department of*



1 *Labor for the 5 calendar years immediately preceding that fiscal*
2 *year. In no event may the rate of the tax be:*

- 3 (a) *Decreased in any fiscal year below 3.6 cents per gallon.*
- 4 (b) *Increased in any fiscal year by more than 4 percent.*

5 3. *If the average percentage of increase in the Consumer*
6 *Price Index (All Items) for the 5 calendar years immediately*
7 *preceding a fiscal year is greater than 4 percent, the amount of the*
8 *percentage increase that exceeds 4 percent must be carried*
9 *forward and used to adjust the rate of the tax in each succeeding*
10 *fiscal year for which there is an average percentage decrease in*
11 *the Consumer Price Index (All Items) or the average percentage*
12 *increase in the Consumer Price Index (All Items) is less than 4*
13 *percent, until the percentage amount being carried forward is*
14 *depleted.*

15 4. *On or before April 1 of each year, the Department shall*
16 *calculate the increase or decrease in the rate of the tax levied*
17 *pursuant to subsection 1 and adjust the rate of the tax for the*
18 *succeeding fiscal year.*

19 5. This tax must be accounted for by each supplier and be
20 collected in the manner provided in this chapter. The tax must be
21 paid to the Department and delivered by the Department to the State
22 Treasurer.

23 **Sec. 4.** NRS 365.190 is hereby amended to read as follows:

24 365.190 1. ~~Subject~~ *Except as otherwise provided in this*
25 *section and subject* to the provisions of subsection ~~3,~~ 6, in
26 addition to any other tax provided for in this chapter, there is hereby
27 levied an excise tax of 1.75 cents per gallon on all motor vehicle
28 fuel, except aviation fuel.

29 2. *Beginning with Fiscal Year 2004-2005, the rate of the tax*
30 *levied pursuant to subsection 1 must be increased or decreased*
31 *each fiscal year in an amount corresponding to the average*
32 *percentage of the increase or decrease in the Consumer Price*
33 *Index (All Items) published by the United States Department of*
34 *Labor for the 5 calendar years immediately preceding that fiscal*
35 *year. In no event may the rate of the tax be:*

- 36 (a) *Decreased in any fiscal year below 1.75 cents per gallon.*
- 37 (b) *Increased in any fiscal year by more than 4 percent.*

38 3. *If the average percentage increase in the Consumer Price*
39 *Index (All Items) for the 5 calendar years immediately preceding a*
40 *fiscal year is greater than 4 percent, the amount of the percentage*
41 *increase that exceeds 4 percent must be carried forward and used*
42 *to adjust the rate of the tax in each succeeding fiscal year for*
43 *which there is an average percentage decrease in the Consumer*
44 *Price Index (All Items) or the average percentage increase in the*



1 *Consumer Price Index (All Items) is less than 4 percent, until the*
2 *percentage amount being carried forward is depleted.*

3 4. *On or before April 1 of each year, the Department shall*
4 *calculate the increase or decrease in the rate of the tax levied*
5 *pursuant to subsection 1 and adjust the rate of the tax for the*
6 *succeeding fiscal year.*

7 5. The tax imposed pursuant to this section must be collected
8 by the supplier in the manner provided in this chapter. Upon the
9 collection of the tax by the supplier, the purchaser of the fuel shall
10 provide to the supplier a statement that sets forth the number of
11 gallons of fuel that will be sold to retailers in each county in this
12 state. The tax must be paid to the Department and delivered by the
13 Department to the State Treasurer. When the tax is paid to the
14 Department, the supplier shall provide to the Department a copy of
15 the statement provided to the supplier by the purchaser pursuant to
16 this subsection.

17 ~~3.~~ 6. The provisions of this section shall be deemed to be
18 optional. The board of county commissioners of any county may
19 decline to accept the additional tax levied pursuant to this section by
20 the adoption of a resolution passed before July 1, 1947, which must
21 be reconsidered and passed once each year within 60 days before
22 July 1 of each year as long as the board of county commissioners
23 desires so to act. Upon the adoption of such a resolution no tax may
24 be collected.

25 **Sec. 5.** NRS 365.192 is hereby amended to read as follows:

26 365.192 1. ~~1.~~ *Except as otherwise provided in this section*
27 *and in addition to any other tax provided for in this chapter, there is*
28 *hereby levied an excise tax of 1 cent per gallon on motor vehicle*
29 *fuel, except aviation fuel.*

30 2. *Beginning with Fiscal Year 2004-2005, the rate of the tax*
31 *levied pursuant to subsection 1 must be increased or decreased*
32 *each fiscal year in an amount corresponding to the average*
33 *percentage in the increase or decrease in the Consumer Price*
34 *Index (All Items) published by the United States Department of*
35 *Labor for the 5 calendar years immediately preceding that fiscal*
36 *year. In no event may the rate of the tax be:*

37 (a) *Decreased in any fiscal year below 1 cent per gallon.*

38 (b) *Increased in any fiscal year by more than 4 percent.*

39 3. *If the average percentage increase in the Consumer Price*
40 *Index (All Items) for the 5 calendar years immediately preceding a*
41 *fiscal year is greater than 4 percent, the amount of the percentage*
42 *increase that exceeds 4 percent must be carried forward and used*
43 *to adjust the rate of the tax in each succeeding fiscal year for*
44 *which there is an average percentage decrease in the Consumer*
45 *Price Index (All Items) or the average percentage increase in the*



1 *Consumer Price Index (All Items) is less than 4 percent, until the*
2 *percentage amount being carried forward is depleted.*

3 4. *On or before April 1 of each year, the Department shall*
4 *calculate the increase or decrease in the rate of the tax levied*
5 *pursuant to subsection 1 and adjust the rate of the tax for the*
6 *succeeding fiscal year.*

7 5. The tax imposed pursuant to this section must be collected
8 by the supplier in the manner provided in this chapter. Upon the
9 collection of the tax by the supplier, the purchaser of the fuel shall
10 provide to the supplier a statement that sets forth the number of
11 gallons of fuel that will be sold to retailers in each county in this
12 state. The tax must be paid to the Department and delivered by the
13 Department to the State Treasurer. When the tax is paid to the
14 Department, the supplier shall provide to the Department a copy of
15 the statement provided to the supplier by the purchaser pursuant to
16 this subsection.

17 **Sec. 6.** NRS 365.196 is hereby amended to read as follows:
18 365.196 1. The receipts of the tax as levied in NRS 365.192
19 must be allocated monthly by the Department to the counties in
20 proportion to the number of gallons of fuel that are sold to the
21 retailers in each county pursuant to the information contained in the
22 statements provided to the Department pursuant to NRS 365.192.

23 2. ~~Each county~~ *The Department* must apportion the receipts
24 of that tax among the county, for unincorporated areas of the county,
25 and each incorporated city in the county. The county and each city
26 are respectively entitled to receive each month that proportion of
27 those receipts which its total population bears to the total population
28 of the county.

29 3. ~~During the month immediately preceding each January 1~~
30 ~~and July 1, the county treasurer of each county shall, when~~
31 ~~necessary and after a hearing, adopt a regulation which provides for~~
32 ~~the accurate apportionment of those receipts in the county during the~~
33 ~~ensuing 6 months.~~

34 ~~4.]~~ The money apportioned to the county or a city must be used
35 by it solely to repair or restore existing paved roads, streets and
36 alleys, other than those maintained by the Federal Government and
37 this state, by resurfacing, overlaying, resealing or other such
38 customary methods.

39 **Sec. 7.** NRS 365.550 is hereby amended to read as follows:
40 365.550 1. ~~The~~ *Except as otherwise provided in subsection*
41 *2, the* receipts of the tax levied pursuant to NRS 365.180 must be
42 allocated monthly by the Department to the counties using the
43 following formula:

44 (a) Determine the average monthly amount each county received
45 in the fiscal year ending on June 30, 2001, and allocate to each



1 county that amount, or if the total amount to be allocated is less than
2 that amount, allocate to each county a percentage of the total
3 amount to be allocated that is equal to the percentage of the total
4 amount allocated to that county in the fiscal year ending on June 30,
5 2001;

6 (b) ~~Determine for each county an amount from the total amount
7 to be allocated using the following formula:~~

8 ~~(1) Two thirds in proportion to population; and~~
9 ~~(2) One third in proportion to road mileage and street
10 mileage of improved roads or streets maintained by the county or an
11 incorporated city located within the county;~~
12 ~~and compare that amount to the amount allocated to the county
13 pursuant to paragraph (a);~~

14 ~~(c) Identify each county for which the amount determined
15 pursuant to paragraph (b) is greater than the amount allocated to the
16 county pursuant to paragraph (a); and~~

17 ~~(d) Allocate to any county which is identified pursuant to
18 paragraph (c), using the formula set forth in paragraph (b), any
19 amount from the tax levied pursuant to NRS 365.180 that remains
20 after the allocation required pursuant to paragraph (a).] If the total
21 amount to be allocated is greater than the average monthly
22 amount all counties received in the fiscal year ending on June 30,
23 2001, determine for each county an amount from the total amount
24 to be allocated using the following formula:~~

25 ~~(1) Multiply the county's percentage share of total state
26 population by 2;~~

27 ~~(2) Add the percentage determined pursuant to
28 subparagraph (1) to the county's percentage share of total mileage
29 of improved roads or streets maintained by the county or an
30 incorporated city located within the county;~~

31 ~~(3) Divide the sum of the percentages determined pursuant
32 to subparagraph (2) by 3; and~~

33 ~~(4) Multiply the total amount to be allocated by the
34 percentage determined pursuant to subparagraph (3);~~

35 ~~(c) Identify each county for which the amount determined
36 pursuant to paragraph (b) is greater than the amount allocated to
37 the county pursuant to paragraph (a) and:~~

38 ~~(1) Subtract the amount determined pursuant to paragraph
39 (a) from the amount determined pursuant to paragraph (b); and~~

40 ~~(2) Add the amounts determined pursuant to subparagraph
41 (1) for all counties;~~

42 ~~(d) Identify each county for which the amount determined
43 pursuant to paragraph (b) is less than or equal to the amount
44 allocated to the county pursuant to paragraph (a) and:~~



- 1 (1) Subtract the amount determined pursuant to paragraph
- 2 (b) from the amount determined pursuant to paragraph (a); and
- 3 (2) Add the amounts determined pursuant to subparagraph
- 4 (1) for all counties;
- 5 (e) Subtract the amount determined pursuant to subparagraph
- 6 (2) of paragraph (d) from the amount determined pursuant to
- 7 subparagraph (2) of paragraph (c);
- 8 (f) Divide the amount determined pursuant to subparagraph
- 9 (1) of paragraph (c) for each county by the sum determined
- 10 pursuant to subparagraph (2) of paragraph (c) for all counties to
- 11 determine each county's percentage share of the sum determined
- 12 pursuant to subparagraph (2) of paragraph (c); and
- 13 (g) In addition to the allocation made pursuant to paragraph
- 14 (a), allocate to each county that is identified pursuant to
- 15 paragraph (c) a percentage of the total amount determined
- 16 pursuant to paragraph (e) that is equal to the percentage
- 17 determined pursuant to paragraph (f).
- 18 2. Within 10 calendar days after June 1 of each fiscal year, the
- 19 Department shall:
- 20 (a) Project the total amount that each county will be allocated
- 21 pursuant to subsection 1 for the current fiscal year.
- 22 (b) ~~[If the total amount allocated to all the counties will not~~
- 23 ~~exceed the total amount that was received by all the counties for the~~
- 24 ~~fiscal year ending on June 30, 2001, adjust the final monthly~~
- 25 ~~allocation to be made to each county so that each county is allocated~~
- 26 ~~a percentage of the total amount to be allocated that is equal to the~~
- 27 ~~percentage of the total amount allocated to that county in the fiscal~~
- 28 ~~year ending on June 30, 2001.~~
- 29 ~~—(c) If a county receives an allocation pursuant to paragraph (d)~~
- 30 ~~of subsection 1, determine whether the total monthly allocations~~
- 31 ~~projected to be made to that county pursuant to subsection 1 for the~~
- 32 ~~current fiscal year exceed the total amount the county received in~~
- 33 ~~the fiscal year ending on June 30, 2001. If the total monthly~~
- 34 ~~allocations projected to be made to the county do not exceed the~~
- 35 ~~total amount the county received in the fiscal year ending on~~
- 36 ~~June 30, 2001, the Department shall adjust the final monthly~~
- 37 ~~allocation to be made to the county for the current fiscal year so that~~
- 38 ~~the total amount allocated to the county for the current fiscal year~~
- 39 ~~equals the total amount the county received in the fiscal year ending~~
- 40 ~~on June 30, 2001.] Using the amount allocated to the counties for~~
- 41 ~~the fiscal year ending on June 30, 2001, rather than the average~~
- 42 ~~monthly amount each county received in the fiscal year ending on~~
- 43 ~~June 30, 2001, and using the projected amount determined~~
- 44 ~~pursuant to paragraph (a), apply the formula set forth in~~



1 *subsection 1 to determine the total allocations that should be made*
2 *to the counties for the current fiscal year.*

3 (c) *Adjust the final monthly allocation to be made to each*
4 *county for the current fiscal year as necessary to ensure that the*
5 *total allocations for the current fiscal year equal the amounts*
6 *determined by applying the formula set forth in subsection 1, as*
7 *prescribed in paragraph (b).*

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

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

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

24 (1) One-fourth in proportion to total area.

25 (2) One-fourth in proportion to population.

26 (3) One-fourth in proportion to ~~road mileage and street~~ *the*
27 *total* mileage of ~~nonfederal aid primary roads.~~ *improved roads or*
28 *streets maintained by the county and any incorporated cities.*

29 (4) One-fourth in proportion to vehicle miles of travel on
30 nonfederal aid primary roads.

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

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

40 5. The formula computations must be made as of July 1 of each
41 year by the Department, based on estimates which must be furnished
42 by the Department of Transportation and, if applicable, any
43 adjustments to the estimates determined to be appropriate by the
44 Committee pursuant to subsection 9. Except as otherwise provided



1 in subsection 9, the determination made by the Department is
2 conclusive.

3 6. The Department of Transportation shall complete:

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

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

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

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

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

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

21 8. If a county or incorporated city does not agree with the
22 estimates prepared by the Department of Transportation pursuant to
23 subsection 6, the county or incorporated city may request that the
24 Subcommittee examine the estimates and recommend an adjustment
25 to the estimates. Such a request must be submitted to the
26 Subcommittee not later than October 15.

27 9. The Subcommittee shall review any request it receives
28 pursuant to subsection 8 and report to the Committee its findings
29 and any recommendations for an adjustment to the estimates it
30 determines is appropriate. The Committee shall hold a public
31 hearing and determine whether an adjustment to the estimates is
32 appropriate on or before December 31 of the year it receives a
33 request pursuant to subsection 8. Any determination made by the
34 Committee pursuant to this subsection is conclusive.

35 10. The Subcommittee shall monitor the fiscal impact of the
36 formula set forth in this section on counties and incorporated cities
37 and report regularly to the Committee concerning its findings and
38 recommendations regarding that fiscal impact.

39 11. As used in this section:

40 (a) "Committee" means the Legislative Committee for Local
41 Government Taxes and Finance established pursuant to
42 NRS 218.53881.

43 (b) "Construction, maintenance and repair" includes the
44 acquisition, operation or use of any material, equipment or facility
45 that is used exclusively for the construction, maintenance or repair



- 1 of a county or city road and is necessary for the safe and efficient
2 use of that road, including, without limitation:
- 3 (1) Grades and regrades;
 - 4 (2) Graveling, oiling, surfacing, macadamizing and paving;
 - 5 (3) Sweeping, cleaning and sanding roads and removing
6 snow from a road;
 - 7 (4) Crosswalks and sidewalks;
 - 8 (5) Culverts, catch basins, drains, sewers and manholes;
 - 9 (6) Inlets and outlets;
 - 10 (7) Retaining walls, bridges, overpasses, underpasses,
11 tunnels and approaches;
 - 12 (8) Artificial lights and lighting equipment, parkways,
13 control of vegetation and sprinkling facilities;
 - 14 (9) Rights-of-way;
 - 15 (10) Grade and traffic separators;
 - 16 (11) Fences, cattle guards and other devices to control access
17 to a county or city road;
 - 18 (12) Signs and devices for the control of traffic; and
 - 19 (13) Facilities for personnel and the storage of equipment
20 used to construct, maintain or repair a county or city road.
- 21 (c) "Improved road or street" means a road or street that is, at
22 least:
- 23 (1) Aligned and graded to allow reasonably convenient use
24 by a motor vehicle; and
 - 25 (2) Drained sufficiently by a longitudinal and transverse
26 drainage system to prevent serious impairment of the road or street
27 by surface water.
- 28 (d) "Subcommittee" means the Subcommittee appointed
29 pursuant to NRS 218.53884.
- 30 (e) *"Total mileage of an improved road or street" means the*
31 *total mileage of the length of an improved road or street, without*
32 *regard to the width of that road or street or the number of lanes it*
33 *has for vehicular traffic.*
- 34 **Sec. 8.** NRS 365.550 is hereby amended to read as follows:
35 365.550 1. ~~The~~ *Except as otherwise provided in subsection*
36 *2, the* receipts of the tax levied pursuant to NRS 365.180 must be
37 allocated monthly by the Department to the counties using the
38 following formula:
- 39 (a) Determine the average monthly amount each county received
40 in the fiscal year ending on June 30, 2001, and allocate to each
41 county that amount, or if the total amount to be allocated is less than
42 that amount, allocate to each county a percentage of the total
43 amount to be allocated that is equal to the percentage of the total
44 amount allocated to that county in the fiscal year ending on June 30,
45 2001;



1 (b) ~~[Determine for each county an amount from the total amount~~
2 ~~to be allocated using the following formula:~~
3 ~~— (1) Two thirds in proportion to population; and~~
4 ~~— (2) One third in proportion to road mileage and street~~
5 ~~mileage of improved roads or streets maintained by the county or an~~
6 ~~incorporated city located within the county;~~
7 ~~and compare that amount to the amount allocated to the county~~
8 ~~pursuant to paragraph (a);~~
9 ~~— (c) Identify each county for which the amount determined~~
10 ~~pursuant to paragraph (b) is greater than the amount allocated to the~~
11 ~~county pursuant to paragraph (a); and~~
12 ~~— (d) Allocate to any county which is identified pursuant to~~
13 ~~paragraph (c), using the formula set forth in paragraph (b), any~~
14 ~~amount from the tax levied pursuant to NRS 365.180 that remains~~
15 ~~after the allocation required pursuant to paragraph (a).] *If the total*~~
16 ~~*amount to be allocated is greater than the average monthly*~~
17 ~~*amount all counties received in the fiscal year ending on June 30,*~~
18 ~~*2001, determine for each county an amount from the total amount*~~
19 ~~*to be allocated using the following formula:*~~
20 *(1) Multiply the county's percentage share of total state*
21 ~~*population by 2;*~~
22 *(2) Add the percentage determined pursuant to*
23 ~~*subparagraph (1) to the county's percentage share of total mileage*~~
24 ~~*of improved roads or streets maintained by the county or an*~~
25 ~~*incorporated city located within the county;*~~
26 *(3) Divide the sum of the percentages determined pursuant*
27 ~~*to subparagraph (2) by 3; and*~~
28 *(4) Multiply the total amount to be allocated by the*
29 ~~*percentage determined pursuant to subparagraph (3);*~~
30 *(c) Identify each county for which the amount determined*
31 ~~*pursuant to paragraph (b) is greater than the amount allocated to*~~
32 ~~*the county pursuant to paragraph (a) and:*~~
33 *(1) Subtract the amount determined pursuant to paragraph*
34 ~~*(a) from the amount determined pursuant to paragraph (b); and*~~
35 *(2) Add the amounts determined pursuant to subparagraph*
36 ~~*(1) for all counties;*~~
37 *(d) Identify each county for which the amount determined*
38 ~~*pursuant to paragraph (b) is less than or equal to the amount*~~
39 ~~*allocated to the county pursuant to paragraph (a) and:*~~
40 *(1) Subtract the amount determined pursuant to paragraph*
41 ~~*(b) from the amount determined pursuant to paragraph (a); and*~~
42 *(2) Add the amounts determined pursuant to subparagraph*
43 ~~*(1) for all counties;*~~



1 (e) Subtract the amount determined pursuant to subparagraph
2 (2) of paragraph (d) from the amount determined pursuant to
3 subparagraph (2) of paragraph (c);

4 (f) Divide the amount determined pursuant to subparagraph
5 (1) of paragraph (c) for each county by the sum determined
6 pursuant to subparagraph (2) of paragraph (c) for all counties to
7 determine each county's percentage share of the sum determined
8 pursuant to subparagraph (2) of paragraph (c); and

9 (g) In addition to the allocation made pursuant to paragraph
10 (a), allocate to each county that is identified pursuant to
11 paragraph (c) a percentage of the total amount determined
12 pursuant to paragraph (e) that is equal to the percentage
13 determined pursuant to paragraph (f).

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

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

18 (b) ~~If the total amount allocated to all the counties will not~~
19 ~~exceed the total amount that was received by all the counties for the~~
20 ~~fiscal year ending on June 30, 2001, adjust the final monthly~~
21 ~~allocation to be made to each county so that each county is allocated~~
22 ~~a percentage of the total amount to be allocated that is equal to the~~
23 ~~percentage of the total amount allocated to that county in the fiscal~~
24 ~~year ending on June 30, 2001.~~

25 ~~—(c) If a county receives an allocation pursuant to paragraph (d)~~
26 ~~of subsection 1, determine whether the total monthly allocations~~
27 ~~projected to be made to that county pursuant to subsection 1 for the~~
28 ~~current fiscal year exceed the total amount the county received in~~
29 ~~the fiscal year ending on June 30, 2001. If the total monthly~~
30 ~~allocations projected to be made to the county do not exceed the~~
31 ~~total amount the county received in the fiscal year ending on~~
32 ~~June 30, 2001, the Department shall adjust the final monthly~~
33 ~~allocation to be made to the county for the current fiscal year so that~~
34 ~~the total amount allocated to the county for the current fiscal year~~
35 ~~equals the total amount the county received in the fiscal year ending~~
36 ~~on June 30, 2001.] Using the amount allocated to the counties for~~
37 ~~the fiscal year ending on June 30, 2001, rather than the average~~
38 ~~monthly amount each county received in the fiscal year ending on~~
39 ~~June 30, 2001, and using the projected amount determined~~
40 ~~pursuant to paragraph (a), apply the formula set forth in~~
41 ~~subsection 1 to determine the total allocations that should be made~~
42 ~~to the counties for the current fiscal year.~~

43 (c) Adjust the final monthly allocation to be made to each
44 county for the current fiscal year as necessary to ensure that the
45 total allocations for the current fiscal year equal the amounts



1 *determined by applying the formula set forth in subsection 1, as*
2 *prescribed in paragraph (b).*

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

5 (a) An amount equal to that part of the allocation which
6 represents 1.25 cents of the tax per gallon must be used exclusively
7 for the service and redemption of revenue bonds issued pursuant to
8 chapter 373 of NRS, for the construction, maintenance and repair of
9 county roads, and for the purchase of equipment for that
10 construction, maintenance and repair, under the direction of the
11 boards of county commissioners of the several counties, and must
12 not be used to defray expenses of administration; and

13 (b) An amount equal to that part of the allocation which
14 represents 2.35 cents of the tax per gallon must be allocated to the
15 county, if there are no incorporated cities in the county, or to the
16 county and any incorporated cities in the county, if there is at least
17 one incorporated city in the county, pursuant to the following
18 formula:

19 (1) One-fourth in proportion to total area.

20 (2) One-fourth in proportion to population.

21 (3) One-fourth in proportion to ~~road mileage and street~~ *the*
22 *total* mileage of ~~nonfederal aid primary roads.~~ *improved roads or*
23 *streets maintained by the county and any incorporated cities.*

24 (4) One-fourth in proportion to vehicle miles of travel on
25 nonfederal aid primary roads.

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

28 4. The amount allocated to the counties and incorporated cities
29 pursuant to subsections 1, 2 and 3 must be remitted monthly. The
30 State Controller shall draw his warrants payable to the county
31 treasurer of each of the several counties and the city treasurer of
32 each of the several incorporated cities, as applicable, and the State
33 Treasurer shall pay the warrants out of the proceeds of the tax levied
34 pursuant to NRS 365.180.

35 5. The formula computations must be made as of July 1 of each
36 year by the Department, based on estimates which must be furnished
37 by the Department of Transportation and, if applicable, any
38 adjustments to the estimates determined to be appropriate by the
39 Committee pursuant to subsection 9. Except as otherwise provided
40 in subsection 9, the determination made by the Department is
41 conclusive.

42 6. The Department of Transportation shall complete:

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



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

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

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

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

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

15 8. If a county or incorporated city does not agree with the
16 estimates prepared by the Department of Transportation pursuant to
17 subsection 6, the county or incorporated city may request that the
18 Committee examine the estimates and recommend an adjustment to
19 the estimates. Such a request must be submitted to the Committee
20 not later than October 15.

21 9. The Committee shall hold a public hearing and review any
22 request it receives pursuant to subsection 8 and determine whether
23 an adjustment to the estimates is appropriate on or before
24 December 31 of the year it receives a request pursuant to subsection
25 8. Any determination made by the Committee pursuant to this
26 subsection is conclusive.

27 10. The Committee shall monitor the fiscal impact of the
28 formula set forth in this section on counties and incorporated cities.
29 Biennially, the Committee shall prepare a report concerning its
30 findings and recommendations regarding that fiscal impact and
31 submit the report on or before February 15 of each odd-numbered
32 year to the Director of the Legislative Counsel Bureau for
33 transmittal to the Senate and Assembly Committees on Taxation of
34 the Nevada Legislature for their review.

35 11. As used in this section:

36 (a) "Committee" means the Committee on Local Government
37 Finance created pursuant to NRS 354.105.

38 (b) "Construction, maintenance and repair" includes the
39 acquisition, operation or use of any material, equipment or facility
40 that is used exclusively for the construction, maintenance or repair
41 of a county or city road and is necessary for the safe and efficient
42 use of that road, including, without limitation:

43 (1) Grades and regrades;

44 (2) Graveling, oiling, surfacing, macadamizing and paving;



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

17 (c) "Improved road or street" means a road or street that is, at

- 18 least:
- 19 (1) Aligned and graded to allow reasonably convenient use
 - 20 by a motor vehicle; and
 - 21 (2) Drained sufficiently by a longitudinal and transverse
 - 22 drainage system to prevent serious impairment of the road or street
 - 23 by surface water.

24 *(d) "Total mileage of an improved road or street" means the*

25 *total mileage of the length of an improved road or street, without*

26 *regard to the width of that road or street or the number of lanes it*

27 *has for vehicular traffic.*

28 **Sec. 9.** NRS 373.030 is hereby amended to read as follows:

29 373.030 1. In any county for all or part of which a streets and

30 highways plan has been adopted as a part of the master plan by the

31 county or regional planning commission pursuant to NRS 278.150,

32 the board may by ordinance:

- 33 (a) Create a regional transportation commission; and
- 34 (b) ~~Impose~~ *Except as otherwise provided in this section,*
- 35 *impose* a tax on motor vehicle fuel, except aviation fuel and leaded
- 36 racing fuel, sold in the county in an amount not to exceed 9 cents
- 37 per gallon.

38 2. *Beginning with Fiscal Year 2004-2005, the Department*

39 *shall, for each fiscal year, adjust the maximum amount of the tax*

40 *set forth in paragraph (b) of subsection 1 and the rate of any tax*

41 *imposed pursuant to that paragraph in an amount corresponding*

42 *to the average percentage of the increase or decrease in the*

43 *Consumer Price Index (All Items) published by the United States*

44 *Department of Labor for the 5 calendar years immediately*

45 *preceding that fiscal year. In no event may:*



- 1 (a) *The maximum amount of the tax be:*
2 (1) *Decreased in any fiscal year below 9 cents per gallon.*
3 (2) *Increased in any fiscal year by more than 4 percent.*
4 (b) *The rate of the tax be:*
5 (1) *Decreased in any fiscal year below the rate of the tax on*
6 *July 1, 2003. If a board imposes the tax authorized by paragraph*
7 *(b) of subsection 1 after July 1, 2003, the rate of the tax may not*
8 *be decreased in any fiscal year below the rate at which it is first*
9 *imposed.*
10 (2) *Increased in any fiscal year by more than 4 percent.*
11 3. *If the average percentage of increase in the Consumer*
12 *Price Index (All Items) for the 5 calendar years immediately*
13 *preceding a fiscal year is greater than 4 percent, the Department*
14 *shall carry forward the amount of the percentage increase that*
15 *exceeds 4 percent and use that amount to adjust the rate of the tax*
16 *in each succeeding fiscal year for which there is an average*
17 *percentage decrease in the Consumer Price Index (All Items) or*
18 *the average percentage increase in the Consumer Price Index (All*
19 *Items) is less than 4 percent, until the percentage amount being*
20 *carried forward is depleted.*
21 4. *On or before April 1 of each year, the Department shall*
22 *calculate:*
23 (a) *The increase or decrease in the maximum amount of the*
24 *tax that may be imposed pursuant to paragraph (b) of*
25 *subsection 1; and*
26 (b) *The rate of the tax for the succeeding fiscal year, as*
27 *adjusted pursuant to subsections 2 and 3,*
28 *and report those amounts to the board.*
29 5. *The rate of any tax imposed for Fiscal Year 2004-2005 and*
30 *for each succeeding fiscal year is the rate calculated by the*
31 *Department pursuant to subsection 4, unless the board provides*
32 *otherwise by ordinance.*
33 6. A tax imposed pursuant to this section is in addition to other
34 motor vehicle fuel taxes imposed pursuant to the provisions of
35 chapter 365 of NRS.
36 ~~3-~~ 7. As used in this section:
37 (a) "Aviation fuel" has the meaning ascribed to it in
38 NRS 365.015.
39 (b) "Leaded racing fuel" means motor vehicle fuel that contains
40 lead and is produced for motor vehicles that are designed and built
41 for racing and not for operation on a public highway.
42 **Sec. 10.** 1. This section and sections 2 to 7, inclusive, and 9
43 of this act become effective on July 1, 2003.
44 2. Section 1 of this act becomes effective on July 1, 2004.



- 1 3. Section 8 of this act becomes effective on July 1, 2005.
- 2 4. Section 7 of this act expires by limitation on June 30, 2005.

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