
ASSEMBLY BILL NO. 525—COMMITTEE ON TRANSPORTATION

(ON BEHALF OF THE CITY OF SPARKS)

MARCH 24, 2003

Referred to Committee on Transportation

SUMMARY—Revises method by which proceeds from certain taxes on motor vehicle fuel are allocated between local governments in certain counties. (BDR 32-459)

FISCAL NOTE: Effect on Local Government: Yes.
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 taxation; revising the method by which the proceeds from certain taxes on motor vehicle fuel are allocated between local governments in certain counties; and providing other matters properly relating thereto.

1 WHEREAS, Washoe County is one of only four counties in
2 Nevada in which two or more incorporated cities are located; and
3 WHEREAS, The assessed value of taxable property located in,
4 and the populations of, the City of Sparks and the City of Reno are
5 much higher as compared to the assessed value of taxable property
6 located in, and the population of, the area of Washoe County located
7 outside those cities; and
8 WHEREAS, This concentration of property values and population
9 in those cities generates a greater need for the allocation of revenue
10 to the City of Sparks and the City of Reno from certain taxes on
11 motor vehicle fuel to repair streets and roads in those cities; and
12 WHEREAS, Because of the economic and geographical diversity
13 of the local governments of this state, the unique growth patterns in
14 those local governments and the special conditions experienced in
15 Washoe County, a more equitable distribution of revenue from
16 certain taxes on motor vehicle fuel in that County is required; now,
17 therefore,



1 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
2 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:
3

4 **Section 1.** NRS 365.550 is hereby amended to read as follows:

5 365.550 1. The receipts of the tax levied pursuant to NRS
6 365.180 must be allocated monthly by the Department to the
7 counties using the following formula:

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

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

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

18 (2) One-third in proportion to road mileage and street
19 mileage of improved roads or streets maintained by the county or an
20 incorporated city located within the county,
21 and compare that amount to the amount allocated to the county
22 pursuant to paragraph (a);

23 (c) Identify each county for which the amount determined
24 pursuant to paragraph (b) is greater than the amount allocated to the
25 county pursuant to paragraph (a); and

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

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

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

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

41 (c) If a county receives an allocation pursuant to paragraph (d)
42 of subsection 1, determine whether the total monthly allocations
43 projected to be made to that county pursuant to subsection 1 for the
44 current fiscal year exceed the total amount the county received in
45 the fiscal year ending on June 30, 2001. If the total monthly



1 allocations projected to be made to the county do not exceed the
2 total amount the county received in the fiscal year ending on June
3 30, 2001, the Department shall adjust the final monthly allocation to
4 be made to the county for the current fiscal year so that the total
5 amount allocated to the county for the current fiscal year equals the
6 total amount the county received in the fiscal year ending on
7 June 30, 2001.

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) *In a county whose population is 100,000 or more but*
25 *less than 400,000, the amount must be allocated in proportion to*
26 *population.*

27 (2) *In all other counties, the amount must be allocated as*
28 *follows:*

29 (I) One-fourth in proportion to total area.

30 ~~(2)~~ (II) One-fourth in proportion to population.

31 ~~(3)~~ (III) One-fourth in proportion to road mileage and
32 street mileage of nonfederal aid primary roads.

33 ~~(4)~~ (IV) One-fourth in proportion to vehicle miles of travel
34 on 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 cities
38 pursuant to subsections 1, 2 and 3 must be remitted monthly. The
39 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 examine the estimates and recommend an adjustment
28 to the estimates. Such a request must be submitted to the
29 Subcommittee not later than October 15.

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

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

42 11. As used in this section:

43 (a) "Committee" means the Legislative Committee for Local
44 Government Taxes and Finance established pursuant to
45 NRS 218.53881.



* A B 5 2 5 *

1 (b) "Construction, maintenance and repair" includes the
2 acquisition, operation or use of any material, equipment or facility
3 that is used exclusively for the construction, maintenance or repair
4 of a county or city road and is necessary for the safe and efficient
5 use of that road, including, without limitation:

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

24 (c) "Improved road or street" means a road or street that is, at
25 least:

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

31 (d) "Subcommittee" means the Subcommittee appointed
32 pursuant to NRS 218.53884.

33 **Sec. 2.** NRS 365.550 is hereby amended to read as follows:

34 365.550 1. The receipts of the tax levied pursuant to NRS
35 365.180 must be allocated monthly by the Department to the
36 counties using the following formula:

37 (a) Determine the average monthly amount each county received
38 in the fiscal year ending on June 30, 2001, and allocate to each
39 county that amount, or if the total amount to be allocated is less than
40 that amount, allocate to each county a percentage of the total
41 amount to be allocated that is equal to the percentage of the total
42 amount allocated to that county in the fiscal year ending on June 30,
43 2001;

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



1 (1) Two-thirds in proportion to population; and
2 (2) One-third in proportion to road mileage and street
3 mileage of improved roads or streets maintained by the county or an
4 incorporated city located within the county,
5 and compare that amount to the amount allocated to the county
6 pursuant to paragraph (a);

7 (c) Identify each county for which the amount determined
8 pursuant to paragraph (b) is greater than the amount allocated to the
9 county pursuant to paragraph (a); and

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

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.

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

39 (a) An amount equal to that part of the allocation which
40 represents 1.25 cents of the tax per gallon must be used exclusively
41 for the service and redemption of revenue bonds issued pursuant to
42 chapter 373 of NRS, for the construction, maintenance and repair of
43 county roads, and for the purchase of equipment for that
44 construction, maintenance and repair, under the direction of the



1 boards of county commissioners of the several counties, and must
2 not be used to defray expenses of administration; and

3 (b) An amount equal to that part of the allocation which
4 represents 2.35 cents of the tax per gallon must be allocated to the
5 county, if there are no incorporated cities in the county, or to the
6 county and any incorporated cities in the county, if there is at least
7 one incorporated city in the county, pursuant to the following
8 formula:

9 (1) *In a county whose population is 100,000 or more but
10 less than 400,000, the amount must be allocated in proportion to
11 population.*

12 (2) *In all other counties, the amount must be allocated as
13 follows:*

- 14 (I) One-fourth in proportion to total area.
- 15 ~~(2)~~ (II) One-fourth in proportion to population.
- 16 ~~(3)~~ (III) One-fourth in proportion to road mileage and
17 street mileage of nonfederal aid primary roads.
- 18 ~~(4)~~ (IV) One-fourth in proportion to vehicle miles of travel
19 on nonfederal aid primary roads.

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

22 4. The amount allocated to the counties and incorporated cities
23 pursuant to subsections 1, 2 and 3 must be remitted monthly. The
24 State Controller shall draw his warrants payable to the county
25 treasurer of each of the several counties and the city treasurer of
26 each of the several incorporated cities, as applicable, and the State
27 Treasurer shall pay the warrants out of the proceeds of the tax levied
28 pursuant to NRS 365.180.

29 5. The formula computations must be made as of July 1 of each
30 year by the Department, based on estimates which must be furnished
31 by the Department of Transportation and, if applicable, any
32 adjustments to the estimates determined to be appropriate by the
33 Committee pursuant to subsection 9. Except as otherwise provided
34 in subsection 9, the determination made by the Department is
35 conclusive.

36 6. The Department of Transportation shall complete:

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

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

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



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

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

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

9 8. If a county or incorporated city does not agree with the
10 estimates prepared by the Department of Transportation pursuant to
11 subsection 6, the county or incorporated city may request that the
12 Committee examine the estimates and recommend an adjustment to
13 the estimates. Such a request must be submitted to the Committee
14 not later than October 15.

15 9. The Committee shall hold a public hearing and review any
16 request it receives pursuant to subsection 8 and determine whether
17 an adjustment to the estimates is appropriate on or before
18 December 31 of the year it receives a request pursuant to subsection
19 8. Any determination made by the Committee pursuant to this
20 subsection is conclusive.

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

29 11. As used in this section:

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

32 (b) "Construction, maintenance and repair" includes the
33 acquisition, operation or use of any material, equipment or facility
34 that is used exclusively for the construction, maintenance or repair
35 of a county or city road and is necessary for the safe and efficient
36 use of that road, including, without limitation:

- 37 (1) Grades and regrades;
- 38 (2) Graveling, oiling, surfacing, macadamizing and paving;
- 39 (3) Sweeping, cleaning and sanding roads and removing
40 snow from a road;
- 41 (4) Crosswalks and sidewalks;
- 42 (5) Culverts, catch basins, drains, sewers and manholes;
- 43 (6) Inlets and outlets;
- 44 (7) Retaining walls, bridges, overpasses, underpasses,
45 tunnels and approaches;



- 1 (8) Artificial lights and lighting equipment, parkways,
- 2 control of vegetation and sprinkling facilities;
- 3 (9) Rights-of-way;
- 4 (10) Grade and traffic separators;
- 5 (11) Fences, cattle guards and other devices to control access
- 6 to a county or city road;
- 7 (12) Signs and devices for the control of traffic; and
- 8 (13) Facilities for personnel and the storage of equipment
- 9 used to construct, maintain or repair a county or city road.

10 (c) "Improved road or street" means a road or street that is, at
 11 least:

- 12 (1) Aligned and graded to allow reasonably convenient use
- 13 by a motor vehicle; and
- 14 (2) Drained sufficiently by a longitudinal and transverse
- 15 drainage system to prevent serious impairment of the road or street
- 16 by surface water.

17 **Sec. 3.** NRS 365.560 is hereby amended to read as follows:

18 365.560 1. The receipts of the tax levied pursuant to NRS
 19 365.190 must be allocated monthly by the Department to the
 20 counties in which the payment of the tax originates pursuant to the
 21 formula set forth in subsection 2.

22 2. The receipts must be apportioned by the Department
 23 between the county, towns with town boards as organized under
 24 NRS 269.016 to 269.019, inclusive, and incorporated cities within
 25 the county *as follows:*

26 (a) *In a county whose population is 100,000 or more but less*
 27 *than 400,000, the receipts must be apportioned in proportion to*
 28 *population.*

29 (b) *In all other counties, the receipts must be apportioned*
 30 *the same ratio as the assessed valuation of property within the*
 31 *boundaries of the towns or incorporated cities within the county*
 32 *bears to the total assessed valuation of property within the county,*
 33 *including property within the towns or incorporated cities.*

34 3. Any money apportioned to a county pursuant to subsection 2
 35 must be expended by the county solely for:

36 (a) The service and redemption of revenue bonds issued
 37 pursuant to chapter 373 of NRS;

38 (b) The construction, maintenance and repair of the public
 39 highways of the county; and

40 (c) The purchase of equipment for that construction,
 41 maintenance and repair.

42 The money must not be used to defray the expenses of
 43 administration.

44 4. Any money apportioned to towns or incorporated cities
 45 pursuant to subsection 2 must be expended only upon the streets,



1 alleys and public highways of the town or city, other than state
2 highways, under the direction and control of the governing body of
3 the town or city.

4 5. As used in this section, "construction, maintenance and
5 repair" has the meaning ascribed to it in NRS 365.550.

6 **Sec. 4.** 1. This section and sections 1 and 3 of this act
7 become effective on July 1, 2003.

8 2. Section 2 of this act becomes effective on July 1, 2005.

9 3. Section 1 of this act expires by limitation on June 30, 2005.

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