

SENATE BILL NO. 482—COMMITTEE ON TAXATION

(ON BEHALF OF THE CITY OF SPARKS)

MARCH 29, 2005

Referred to Committee on Taxation

SUMMARY—Revises provisions governing allocation of certain taxes levied on motor vehicle fuel. (BDR 32-530)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 provisions governing the allocation of certain taxes levied on 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.** NRS 365.196 is hereby amended to read as follows:
- 2 365.196 1. The receipts of the tax as levied in NRS 365.192
- 3 must be allocated monthly by the Department to the counties in
- 4 proportion to the number of gallons of fuel that are sold to the
- 5 retailers in each county pursuant to the information contained in the
- 6 statements provided to the Department pursuant to NRS 365.192.
- 7 2. The Department ~~[must]~~ *shall* apportion the receipts of that
- 8 tax among the county, for unincorporated areas of the county, and
- 9 each incorporated city in the county ~~[- The county and each city are~~
- 10 ~~respectively entitled to receive each month that proportion of those~~
- 11 ~~receipts which its total population bears to the total population of the~~
- 12 ~~county.] pursuant to the following formula:~~
- 13 (a) *Two-thirds in proportion to population.*
- 14 (b) *One-third in proportion to the total mileage of improved*
- 15 *roads or streets maintained by the county and each incorporated*
- 16 *city within the county, respectively.*



1 ↪ *For the purpose of applying the formula, the area of the county*
2 *excludes the area included in any incorporated city.*

3 3. The money apportioned to the county or a city must be used
4 by it solely to repair or restore existing paved roads, streets and
5 alleys, other than those maintained by the Federal Government and
6 this State, by resurfacing, overlaying, resealing or other such
7 customary methods.

8 4. *For the purpose of this section, the total mileage of*
9 *improved roads or streets must be determined in the manner*
10 *described in NRS 365.550.*

11 5. *As used in this section:*

12 (a) *“Improved roads or streets” has the meaning ascribed to it*
13 *in NRS 365.550.*

14 (b) *“Total mileage of improved roads or streets” has the*
15 *meaning ascribed to it in NRS 365.550.*

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

17 365.550 1. Except as otherwise provided in subsection 2, the
18 receipts of the tax levied pursuant to NRS 365.180 must be allocated
19 monthly by the Department to the counties , using the following
20 formula:

21 (a) Determine the average monthly amount each county received
22 in the fiscal year ending on June 30, 2003, and allocate to each
23 county that amount, or if the total amount to be allocated is less than
24 that amount, allocate to each county a percentage of the total
25 amount to be allocated that is equal to the percentage of the total
26 amount allocated to that county in the fiscal year ending on June 30,
27 2003;

28 (b) If the total amount to be allocated is greater than the average
29 monthly amount all counties received in the fiscal year ending on
30 June 30, 2003, determine for each county an amount from the total
31 amount to be allocated using the following formula:

32 (1) Multiply the county’s percentage share of the total state
33 population by 2;

34 (2) Add the percentage determined pursuant to subparagraph
35 (1) to the county’s percentage share of total mileage of improved
36 roads or streets maintained by the county or an incorporated city
37 located within the county;

38 (3) Divide the sum of the percentages determined pursuant to
39 subparagraph (2) by 3; and

40 (4) Multiply the total amount to be allocated by the
41 percentage determined pursuant to subparagraph (3);

42 (c) Identify each county for which the amount determined
43 pursuant to paragraph (b) is greater than the amount allocated to the
44 county pursuant to paragraph (a) and:



- 1 (1) Subtract the amount determined pursuant to paragraph (a)
- 2 from the amount determined pursuant to paragraph (b); and
- 3 (2) Add the amounts determined pursuant to subparagraph
- 4 (1) for all counties;
- 5 (d) Identify each county for which the amount determined
- 6 pursuant to paragraph (b) is less than or equal to the amount
- 7 allocated to the county pursuant to paragraph (a) and:
- 8 (1) Subtract the amount determined pursuant to paragraph (b)
- 9 from the amount determined pursuant to paragraph (a); and
- 10 (2) Add the amounts determined pursuant to subparagraph
- 11 (1) for all counties;
- 12 (e) Subtract the amount determined pursuant to subparagraph (2)
- 13 of paragraph (d) from the amount determined pursuant to
- 14 subparagraph (2) of paragraph (c);
- 15 (f) Divide the amount determined pursuant to subparagraph (1)
- 16 of paragraph (c) for each county by the sum determined pursuant to
- 17 subparagraph (2) of paragraph (c) for all counties to determine each
- 18 county's percentage share of the sum determined pursuant to
- 19 subparagraph (2) of paragraph (c); and
- 20 (g) In addition to the allocation made pursuant to paragraph (a),
- 21 allocate to each county that is identified pursuant to paragraph (c) a
- 22 percentage of the total amount determined pursuant to paragraph (e)
- 23 that is equal to the percentage determined pursuant to paragraph (f).
- 24 2. At the end of each fiscal year, the Department shall:
- 25 (a) Determine the total amount to be allocated to all counties
- 26 pursuant to subsection 1 for the current fiscal year; and
- 27 (b) Use the proceeds of the tax paid by a dealer, supplier or user
- 28 for June of the current fiscal year to allocate to each county an
- 29 amount determined pursuant to subsection 3.
- 30 3. If the total amount to be allocated to all the counties
- 31 determined pursuant to paragraph (a) of subsection 2:
- 32 (a) Does not exceed the total amount that was received by all the
- 33 counties for the fiscal year ending on June 30, 2003, the Department
- 34 shall adjust the final monthly allocation to be made to each county
- 35 so that each county is allocated a percentage of the total amount to
- 36 be allocated that is equal to the percentage of the total amount
- 37 allocated to that county in the fiscal year ending on June 30, 2003.
- 38 (b) Exceeds the total amount that was received by all counties
- 39 for the fiscal year ending on June 30, 2003, the Department shall:
- 40 (1) Identify the total amount allocated to each county for the
- 41 fiscal year ending on June 30, 2003, and the total amount for the
- 42 current fiscal year determined pursuant to paragraph (a) of
- 43 subsection 2;
- 44 (2) Apply the formula set forth in paragraph (b) of subsection
- 45 1 using the amounts in subparagraph (1), instead of the monthly



1 amounts, to determine the total allocations to be made to the
2 counties for the current fiscal year; and

3 (3) Adjust the final monthly allocation to be made to each
4 county to ensure that the total allocations for the current fiscal year
5 equal the amounts determined pursuant to subparagraph (2).

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

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

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

22 (1) ~~{One-fourth}~~ *Two-thirds* in proportion to ~~{total-area-~~

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

24 ~~(3) One-fourth} population.~~

25 (2) *One-third* in proportion to ~~{road-mileage-and-street}~~ *the*
26 *total* mileage of ~~{nonfederal-aid-primary-roads-~~

27 ~~(4) One-fourth in proportion to vehicle miles of travel on~~
28 ~~nonfederal-aid-primary-roads.}~~

29 *improved roads or streets maintained by the county and each*
30 *incorporated city within the county, respectively.*

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

33 5. The amount allocated to the counties and incorporated cities
34 pursuant to subsections 1 to 4, inclusive, must be remitted monthly.
35 The 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 6. 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 10. Except as otherwise provided



1 in subsection 10, the determination made by the Department is
2 conclusive.

3 7. 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 8 at least once
9 every 10 years.

10 8. 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 *of the* improved ~~[road or street that is]~~ *roads or streets*
14 *that are* maintained by the 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
18 the list is submitted to the Department of Transportation, hold a
19 public hearing to identify and determine the improved roads and
20 streets maintained by the county or city.

21 9. If a county or incorporated city does not agree with the
22 estimates prepared by the Department of Transportation pursuant to
23 subsection 7, the county or incorporated city may request that the
24 Committee examine the estimates and recommend an adjustment to
25 the estimates. Such a request must be submitted to the Committee
26 not later than October 15.

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

33 11. The Committee shall monitor the fiscal impact of the
34 formula set forth in this section on counties and incorporated cities.
35 Biennially, the Committee shall prepare a report concerning its
36 findings and recommendations regarding that fiscal impact and
37 submit the report on or before February 15 of each odd-numbered
38 year to the Director of the Legislative Counsel Bureau for
39 transmittal to the Senate *Committee on Taxation* and *the* Assembly
40 ~~{Committees on Taxation}~~ *Committee on Growth and*
41 *Infrastructure* of the Nevada Legislature for their review.

42 12. As used in this section:

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



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,~~
25 *roads or streets*" means *roads or streets that are*, at 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) "Total mileage of ~~an improved road or street~~" *improved*
32 *roads or streets*" means the total mileage of the length of ~~an~~
33 ~~improved road or street,~~ *improved roads or streets*, without regard
34 to the width of ~~that~~ *any* road or street or the number of lanes it has
35 for vehicular traffic.

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

37 365.560 1. The receipts of the tax levied pursuant to NRS
38 365.190 must be allocated monthly by the Department to the
39 counties in which the payment of the tax originates pursuant to the
40 formula set forth in subsection 2.

41 2. The receipts must be apportioned by the Department
42 ~~between~~ *among* the county, towns with town boards as organized
43 under NRS 269.016 to 269.019, inclusive, and incorporated cities
44 within the county ~~in the same ratio as the assessed valuation of~~
45 ~~property within the boundaries of the towns or incorporated cities~~



1 ~~within the county bears to the total assessed valuation of property~~
2 ~~within the county, including property within the towns or~~
3 ~~incorporated cities.]~~

4 *pursuant to the following formula:*

5 (a) *Two-thirds in proportion to population.*

6 (b) *One-third in proportion to the total mileage of improved*
7 *roads or streets maintained by the county, towns with town boards*
8 *as organized under NRS 269.016 to 269.019, inclusive, and each*
9 *incorporated city within the county, respectively.*

10 *↪ For the purposes of applying the formula, the area of the*
11 *county excludes the area included in any incorporated city.*

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

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

16 (b) The construction, maintenance and repair of the public
17 highways of the county; and

18 (c) The purchase of equipment for that construction,
19 maintenance and repair.

20 *↪ The money must not be used to defray the expenses of*
21 *administration.*

22 4. Any money apportioned to towns or incorporated cities
23 pursuant to subsection 2 must be expended only upon the streets,
24 alleys and public highways of the town or city, other than state
25 highways, under the direction and control of the governing body of
26 the town or city.

27 5. *For the purposes of this section, the total mileage of*
28 *improved roads or streets must be determined in the manner*
29 *described in NRS 365.550.*

30 6. As used in this section [~~“construction.”~~]:

31 (a) *“Construction, maintenance and repair” has the meaning*
32 *ascribed to it in NRS 365.550.*

33 (b) *“Improved roads or streets” has the meaning ascribed to it*
34 *in NRS 365.550.*

35 (c) *“Total mileage of improved roads or streets” has the*
36 *meaning ascribed to it in NRS 365.550.*

37 **Sec. 4.** This act becomes effective on July 1, 2005.



