

SENATE BILL NO. 124—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE INTERIM STUDY CONCERNING DISTRIBUTION
AMONG LOCAL GOVERNMENTS OF REVENUE FROM
STATE AND LOCAL TAXES (NRS 218.53881))

FEBRUARY 13, 2001

Referred to Committee on Taxation

SUMMARY—Requires allocation and remittance of money collected from certain taxes to be made directly to incorporated cities. (BDR 32-894)

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 fuel taxes; requiring the allocation and remittance of money collected from certain taxes to be made directly to incorporated cities; 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 365.540 is hereby amended to read as follows:
2 365.540 1. The money collected, as prescribed by NRS 365.170 and
3 365.185, from the tax on motor vehicle fuels, after the remittances and
4 deposits have first been made pursuant to the provisions of NRS 365.535,
5 must be placed to the credit of the state highway fund by the state treasurer.
6 An amount equal to that part of the tax collected pursuant to subparagraph
7 (3) of paragraph (b) of subsection 1 of NRS 365.170, which represents 5
8 cents of the tax per gallon must be used exclusively for the construction
9 and maintenance of public highways, and may not be used to purchase
10 equipment related thereto.
11 2. The money collected, as prescribed by NRS 365.180 and 365.190,
12 after the remittances and deposits have first been made pursuant to the
13 provisions of NRS 365.535, must be allocated by the department ~~to the~~
14 ~~counties~~ as prescribed in NRS 365.550 and 365.560.
15 3. The money collected as prescribed by NRS 365.200 must be
16 allocated by the department as prescribed by NRS 365.550 and 365.560.
17 4. The money collected from the tax on aviation fuel must be
18 deposited by the department with the state treasurer for credit to the



1 account for taxes on aviation fuel, which is hereby created as a revolving
2 account.

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

4 365.550 1. The receipts of the tax levied pursuant to NRS 365.180
5 must be allocated monthly by the department to the counties using the
6 following formula:

- 7 (a) One-fourth in proportion to total area.
8 (b) One-fourth in proportion to population.
9 (c) One-fourth in proportion to road mileage and street mileage of
10 nonfederal aid primary roads.
11 (d) One-fourth in proportion to vehicle miles of travel on nonfederal aid
12 primary roads.

13 2. ~~The amount allocated to the counties under the formula must be~~
14 ~~remitted monthly. The state controller shall draw his warrants payable to~~
15 ~~the county treasurer of each of the several counties, and the state treasurer~~
16 ~~shall pay the warrants out of the proceeds of the tax levied pursuant to NRS~~
17 ~~365.180.~~

18 ~~3.~~ Of the money ~~received by the counties~~ *allocated to each county*
19 pursuant to the provisions of ~~this section~~ *subsection 1*:

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

27 (b) An amount equal to that part of the allocation which represents 2.35
28 cents of the tax per gallon must be allocated pursuant to the following
29 formula:

30 (1) If there are no incorporated cities in the county, to the county; and

31 (2) If there is at least one incorporated city in the county, to the
32 county and any incorporated cities in the county pursuant to the formula set
33 forth for counties in subsection 1. For the purpose of applying the formula,
34 the area of the county excludes the area included in any incorporated city.

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

41 4. The formula computations must be made as of July 1 of each year
42 by the department, based on estimates which must be furnished by the
43 department of transportation. The determination made by the department is
44 conclusive.

45 5. Each county and incorporated city shall, not later than January 1 of
46 each year, submit a list to the department of transportation setting forth:

- 47 (a) Each road or street that is maintained by the county or city; and
48 (b) The beginning and ending points and the total mileage of each of
49 those roads or streets.



1 Each county and incorporated city shall, at least 10 days before the list is
2 submitted to the department of transportation, hold a public hearing to
3 identify and determine the roads and streets maintained by the county or
4 city.

5 6. As used in this section, “construction, maintenance and repair”
6 includes the acquisition, operation or use of any material, equipment or
7 facility that is used exclusively for the construction, maintenance or repair
8 of a county or city road and is necessary for the safe and efficient use of
9 that road, including, without limitation:

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

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

29 365.560 1. The receipts of the tax levied pursuant to NRS 365.190
30 must be allocated monthly by the department to the counties in which the
31 payment of the tax originates ~~+~~ *pursuant to the formula set forth in*
32 *subsection 2.*

33 2. The receipts must be apportioned *by the department* between the
34 county, towns with town boards as organized under NRS 269.016 to
35 269.019, inclusive, and incorporated cities within the county ~~{from the~~
36 ~~general road fund of the county}~~ in the same ratio as the assessed valuation
37 of property within the boundaries of the towns or incorporated cities within
38 the county bears to the total assessed valuation of property within the
39 county, including property within the towns or incorporated cities.

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

- 42 (a) The service and redemption of revenue bonds issued pursuant to
43 chapter 373 of NRS;
- 44 (b) The construction, maintenance and repair of the public highways of
45 the county; and
- 46 (c) The purchase of equipment for that construction, maintenance and
47 repair.

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



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

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

7 **Sec. 4.** NRS 373.130 is hereby amended to read as follows:

8 373.130 1. Money for the payment of the cost of a project within the
9 area embraced by a regional plan for transportation established pursuant to
10 NRS 373.1161 may be obtained by the issuance of revenue bonds and
11 other revenue securities as provided in subsection 2, ~~{of this section.}~~ or,
12 subject to any pledges, liens and other contractual limitations made
13 pursuant to the provisions of this chapter, may be obtained by direct
14 distribution from the regional street and highway fund, except to the extent
15 any such use is prevented by the provisions of NRS 373.150, or may be
16 obtained both by the issuance of such securities and by such direct
17 distribution, as the board may determine. Money for street and highway
18 construction outside the area embraced by the plan may be distributed
19 directly from the regional street and highway fund as provided in NRS
20 373.150.

21 2. The board may, after the enactment of an ordinance as authorized by
22 NRS 373.030, issue revenue bonds and other revenue securities, on the
23 behalf and in the name of the county:

24 (a) The total of all of which, issued and outstanding at any one time,
25 must not be in an amount requiring a total debt service in excess of the
26 estimated receipts to be derived from the tax imposed pursuant to the
27 provisions of NRS 373.030;

28 (b) Which must not be general obligations of the county or a charge on
29 any real estate therein; and

30 (c) Which may be secured as to principal and interest by a pledge
31 authorized by this chapter of the receipts from the motor vehicle fuel taxes
32 designated in this chapter, except such portion of the receipts as may be
33 required for the direct distributions authorized by NRS 373.150.

34 3. A county is authorized to issue bonds without the necessity of their
35 being authorized at any election in such manner and with such terms as
36 provided in this chapter.

37 4. Subject to the provisions of this chapter, for any project authorized
38 therein the board of any county may, on the behalf and in the name of the
39 county, borrow money, otherwise become obligated, and evidence
40 obligations by the issuance of bonds and other county securities, and in
41 connection with the undertaking or project, the board may otherwise
42 proceed as provided in the Local Government Securities Law.

43 5. All such securities constitute special obligations payable from the
44 net receipts of the motor vehicle fuel taxes designated in this chapter
45 except as otherwise provided in NRS 373.150, and the pledge of revenues
46 to secure the payment of the securities must be limited to the net receipts.

47 6. Except for:

48 (a) Any notes or warrants which are funded with the proceeds of interim
49 debentures or bonds;



1 (b) Any interim debentures which are funded with the proceeds of
2 bonds;
3 (c) Any temporary bonds which are exchanged for definitive bonds;
4 (d) Any bonds which are reissued or which are refunded; and
5 (e) The use of any profit from any investment and reinvestment for the
6 payment of any bonds or other securities issued pursuant to the provisions
7 of this chapter,
8 all bonds and other securities issued pursuant to the provisions of this
9 chapter ~~++~~ must be payable solely from the proceeds of motor vehicle fuel
10 taxes collected by or remitted to the county pursuant to chapter 365 of
11 NRS, as supplemented by this chapter. Receipts of the taxes levied in NRS
12 365.180 and 365.190 ~~and accounted for in the general road fund of the~~
13 ~~county~~ may be used by the county for the payment of securities issued
14 pursuant to the provisions of this chapter and may be pledged therefor. If
15 during any period any securities payable from these tax proceeds are
16 outstanding, the tax receipts must not be used directly for the construction,
17 maintenance and repair of any streets, roads or other highways nor for any
18 purchase of equipment therefor, and the receipts of the tax levied in NRS
19 365.190 must not be apportioned pursuant to subsection 2 of NRS 365.560
20 unless, at any time the tax receipts are so apportioned, provision has been
21 made in a timely manner for the payment of such outstanding securities as
22 to the principal of, any prior redemption premiums due in connection with,
23 and the interest on the securities as they become due, as provided in the
24 securities, the ordinance authorizing their issuance, and any other
25 instrument appertaining to the securities.
26 7. The ordinance authorizing the issuance of any bond or other revenue
27 security hereunder must describe the purpose for which it is issued at least
28 in general terms and may describe the purpose in detail. This section does
29 not require the purpose so stated to be set forth in the detail in which the
30 project approved by the commission pursuant to subsection 2 of NRS
31 373.140 is stated, or prevent the modification by the board of details as to
32 the purpose stated in the ordinance authorizing the issuance of any bond or
33 other security after its issuance, subject to approval by the commission of
34 the project as so modified.
35 **Sec. 5.** Section 98 of chapter 224, Statutes of Nevada 1999, at page
36 1018, is hereby amended to read as follows:
37 Sec. 98. NRS 365.540 is hereby amended to read as follows:
38 365.540 1. The money collected, as prescribed by NRS
39 ~~[365.170 and 365.185.]~~ *365.185 and section 59 of this act*, from the
40 tax on motor vehicle fuels, *other than aviation fuel*, after the
41 remittances and deposits have first been made pursuant to the
42 provisions of NRS 365.535, must be placed to the credit of the state
43 highway fund by the state treasurer. An amount equal to that part of
44 the tax collected pursuant to ~~[subparagraph (3) of paragraph (b) of~~
45 ~~subsection 1 of NRS 365.170.]~~ *section 59 of this act*, which
46 represents 5 cents of the tax per gallon must be used exclusively for
47 the construction and maintenance of public highways, and may not be
48 used to purchase equipment related thereto.



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1 2. The money collected, as prescribed by NRS 365.180 and
2 365.190, after the remittances and deposits have first been made
3 pursuant to the provisions of NRS 365.535, must be allocated by the
4 department as prescribed in NRS 365.550 and 365.560.

5 3. The money collected as prescribed by NRS 365.200 must be
6 allocated by the department as prescribed by NRS 365.550 and
7 365.560.

8 4. The money collected from the tax on aviation fuel must be
9 deposited by the department with the state treasurer for credit to the
10 account for taxes on aviation fuel, which is hereby created as a
11 revolving account.

12 **Sec. 6.** This act becomes effective on July 1, 2001.

