

SENATE BILL NO. 557—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))

MARCH 26, 2001

Referred to Committee on Taxation

SUMMARY—Makes various changes concerning distribution of certain revenue from tax on certain motor vehicle fuel. (BDR 32-893)

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; revising the formula for the distribution among counties of certain revenue from the tax on certain motor vehicle fuel; providing for a review of the estimates of the total mileage of roads or streets maintained by each county and incorporated city prepared by the department of transportation; extending the date for expiration of the legislative committee to study the distribution among local governments of revenue from state and local taxes and certain statutory provisions relating thereto; changing the name of the committee to the legislative committee for local government taxes and finance; 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 365.550 is hereby amended to read as follows:
2 365.550 1. The receipts of the tax levied pursuant to NRS 365.180
3 must be allocated monthly by the department to the counties using the
4 following formula:
5 (a) ~~One fourth in proportion to total area.~~
6 ~~(b) One fourth in proportion to population.~~
7 ~~(c) One fourth in proportion to road mileage and street mileage of~~
8 ~~nonfederal aid primary roads.~~
9 ~~(d) One fourth in proportion to vehicle miles of travel on nonfederal aid~~
10 ~~primary roads.~~ *Determine the average monthly amount each county*
11 *received in the fiscal year ending on June 30, 2001, and allocate to each*
12 *county that amount, or if the total amount to be allocated is less than that*
13 *amount, allocate to each county a percentage of the total amount to be*



- 1 allocated that is equal to the percentage of the total amount allocated to
2 that county in the fiscal year ending on June 30, 2000;
- 3 (b) Determine for each county an amount from the total amount to be
4 allocated using the following formula:
- 5 (1) Two-thirds in proportion to population; and
6 (2) One-third in proportion to road mileage and street mileage of
7 nonfederal aid primary roads,
8 and compare that amount to the amount allocated to the county pursuant
9 to paragraph (a);
- 10 (c) Identify each county for which the amount determined pursuant to
11 paragraph (b) is greater than the amount allocated to the county
12 pursuant to paragraph (a); and
- 13 (d) Allocate to any county which is identified pursuant to paragraph
14 (c), using the formula set forth in paragraph (b), any amount from the
15 tax levied pursuant to NRS 365.180 that remains after the allocation
16 required pursuant to paragraph (a).
- 17 2. Within 10 calendar days after June 1 of each fiscal year, the
18 department shall:
- 19 (a) Project the total amount that each county will be allocated
20 pursuant to subsection 1 for the current fiscal year.
- 21 (b) If the total amount allocated to all the counties will not exceed the
22 total amount that was received by all the counties for the fiscal year
23 ending on June 30, 2001, adjust the final monthly allocation to be made
24 to each county so that each county is allocated a percentage of the total
25 amount to be allocated that is equal to the percentage of the total amount
26 allocated to that county in the fiscal year ending on June 30, 2001.
- 27 (c) If a county receives an allocation pursuant to paragraph (d) of
28 subsection 1, determine whether the total monthly allocations projected
29 to be made to that county pursuant to subsection 1 for the current fiscal
30 year exceed the total amount the county received in the fiscal year ending
31 on June 30, 2001. If the total monthly allocations projected to be made to
32 the county do not exceed the total amount the county received in the
33 fiscal year ending on June 30, 2001, the department shall adjust the final
34 monthly allocation to be made to the county for the current fiscal year so
35 that the total amount allocated to the county for the current fiscal year
36 equals the total amount the county received in the fiscal year ending on
37 June 30, 2001.
- 38 3. The amount allocated to the counties under the formula must be
39 remitted monthly. The state controller shall draw his warrants payable to
40 the county treasurer of each of the several counties, and the state treasurer
41 shall pay the warrants out of the proceeds of the tax levied pursuant to NRS
42 365.180.
- 43 ~~13.1~~ 4. Of the money received by the counties pursuant to the
44 provisions of this section:
- 45 (a) An amount equal to that part of the allocation which represents 1.25
46 cents of the tax per gallon must be used exclusively for the service and
47 redemption of revenue bonds issued pursuant to chapter 373 of NRS, for
48 the construction, maintenance and repair of county roads, and for the
49 purchase of equipment for that construction, maintenance and repair, under



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

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

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

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

11 ~~14.1~~ 5. The formula computations must be made as of July 1 of each
12 year by the department, based on estimates which must be furnished by the
13 department of transportation ~~1. The~~ and, if applicable, any adjustments to
14 the estimates determined to be appropriate by the committee pursuant to
15 subsection 9. Except as otherwise provided in subsection 9, the
16 determination made by the department is conclusive.

17 ~~15.1~~ 6. *The department of transportation shall complete:*

18 (a) *The estimates of the total mileage of roads or streets maintained by*
19 *each county and incorporated city on or before August 31 of each year.*

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

22 7. Each county and incorporated city shall, not later than ~~January~~
23 *March* 1 of each year, submit a list to the department of transportation
24 setting forth:

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

26 (b) The beginning and ending points and the total mileage of each of
27 those roads or streets.

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

32 ~~16.1~~ 8. *If a county or incorporated city does not agree with the*
33 *estimates prepared by the department of transportation pursuant to*
34 *subsection 6, the county or incorporated city may request that the*
35 *subcommittee examine the estimates and recommend an adjustment to*
36 *the estimates. Such a request must be submitted to the subcommittee not*
37 *later than October 15.*

38 9. *The subcommittee shall review any request it receives pursuant to*
39 *subsection 8 and report to the committee its findings and any*
40 *recommendations for an adjustment to the estimates it determines is*
41 *appropriate. The committee shall hold a public hearing and determine*
42 *whether an adjustment to the estimates is appropriate on or before*
43 *December 31 of the year it receives a request pursuant to subsection 8.*
44 *Any determination made by the committee pursuant to this subsection is*
45 *conclusive.*

46 10. *The subcommittee shall monitor the fiscal impact of the formula*
47 *set forth in this section on counties and incorporated cities and report*
48 *regularly to the committee concerning its findings and recommendations*
49 *regarding that fiscal impact.*



1 11. As used in this section ~~1. "construction."~~ :
2 (a) *"Committee" means the legislative committee for local government*
3 *taxes and finance established pursuant to NRS 218.53881.*

4 (b) *"Construction, maintenance and repair" includes the acquisition,*
5 *operation or use of any material, equipment or facility that is used*
6 *exclusively for the construction, maintenance or repair of a county or city*
7 *road and is necessary for the safe and efficient use of that road, including,*
8 *without limitation:*
9 ~~(a)~~ (1) Grades and regrades;
10 ~~(b)~~ (2) Graveling, oiling, surfacing, macadamizing and paving;
11 ~~(c)~~ (3) Sweeping, cleaning and sanding roads and removing snow
12 from a road;
13 ~~(d)~~ (4) Crosswalks and sidewalks;
14 ~~(e)~~ (5) Culverts, catch basins, drains, sewers and manholes;
15 ~~(f)~~ (6) Inlets and outlets;
16 ~~(g)~~ (7) Retaining walls, bridges, overpasses, underpasses, tunnels and
17 approaches;
18 ~~(h)~~ (8) Artificial lights and lighting equipment, parkways, control of
19 vegetation and sprinkling facilities;
20 ~~(i)~~ (9) Rights of way;
21 ~~(j)~~ (10) Grade and traffic separators;
22 ~~(k)~~ (11) Fences, cattle guards and other devices to control access to a
23 county or city road;
24 ~~(l)~~ (12) Signs and devices for the control of traffic; and
25 ~~(m)~~ (13) Facilities for personnel and the storage of equipment used to
26 construct, maintain or repair a county or city road.

27 (c) *"Subcommittee" means the subcommittee appointed pursuant to*
28 *NRS 218.53884.*

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

30 365.550 1. The receipts of the tax levied pursuant to NRS 365.180
31 must be allocated monthly by the department to the counties using the
32 following formula:

33 (a) Determine the average monthly amount each county received in the
34 fiscal year ending on June 30, 2001, and allocate to each county that
35 amount, or if the total amount to be allocated is less than that amount,
36 allocate to each county a percentage of the total amount to be allocated that
37 is equal to the percentage of the total amount allocated to that county in the
38 fiscal year ending on June 30, 2000;

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

41 (1) Two-thirds in proportion to population; and
42 (2) One-third in proportion to road mileage and street mileage of
43 nonfederal aid primary roads,
44 and compare that amount to the amount allocated to the county pursuant to
45 paragraph (a);

46 (c) Identify each county for which the amount determined pursuant to
47 paragraph (b) is greater than the amount allocated to the county pursuant to
48 paragraph (a); and



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

5 2. Within 10 calendar days after June 1 of each fiscal year, the
6 department shall:

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

9 (b) If the total amount allocated to all the counties will not exceed the
10 total amount that was received by all the counties for the fiscal year ending
11 on June 30, 2001, adjust the final monthly allocation to be made to each
12 county so that each county is allocated a percentage of the total amount to
13 be allocated that is equal to the percentage of the total amount allocated to
14 that county in the fiscal year ending on June 30, 2001.

15 (c) If a county receives an allocation pursuant to paragraph (d) of
16 subsection 1, determine whether the total monthly allocations projected to
17 be made to that county pursuant to subsection 1 for the current fiscal year
18 exceed the total amount the county received in the fiscal year ending on
19 June 30, 2001. If the total monthly allocations projected to be made to the
20 county do not exceed the total amount the county received in the fiscal year
21 ending on June 30, 2001, the department shall adjust the final monthly
22 allocation to be made to the county for the current fiscal year so that the
23 total amount allocated to the county for the current fiscal year equals the
24 total amount the county received in the fiscal year ending on June 30,
25 2001.

26 3. The amount allocated to the counties under the formula must be
27 remitted monthly. The state controller shall draw his warrants payable to
28 the county treasurer of each of the several counties, and the state treasurer
29 shall pay the warrants out of the proceeds of the tax levied pursuant to NRS
30 365.180.

31 4. Of the money received by the counties pursuant to the provisions of
32 this section:

33 (a) An amount equal to that part of the allocation which represents 1.25
34 cents of the tax per gallon must be used exclusively for the service and
35 redemption of revenue bonds issued pursuant to chapter 373 of NRS, for
36 the construction, maintenance and repair of county roads, and for the
37 purchase of equipment for that construction, maintenance and repair, under
38 the direction of the boards of county commissioners of the several counties,
39 and must not be used to defray expenses of administration; and

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

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

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

48 5. The formula computations must be made as of July 1 of each year
49 by the department, based on estimates which must be furnished by the



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

5 6. The department of transportation shall complete:

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

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

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

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

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

19 8. If a county or incorporated city does not agree with the estimates
20 prepared by the department of transportation pursuant to subsection 6, the
21 county or incorporated city may request that the ~~subcommittee~~ *committee*
22 examine the estimates and recommend an adjustment to the estimates.
23 Such a request must be submitted to the ~~subcommittee~~ *committee* not
24 later than October 15.

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

33 10. The ~~subcommittee~~ *committee* shall monitor the fiscal impact of
34 the formula set forth in this section on counties and incorporated cities .
35 ~~and report regularly to the committee~~ *Biennially, the committee shall*
36 *prepare a report concerning its findings and recommendations regarding*
37 *that fiscal impact and submit the report on or before February 15 of*
38 *each odd-numbered year to the director of the legislative counsel bureau*
39 *for transmittal to the senate and assembly committees on taxation of the*
40 *Nevada legislature for their review.*

41 11. As used in this section:

42 (a) "Committee" means the ~~legislative committee for local government~~
43 ~~taxes and finance established pursuant to NRS 218.53881.~~ *committee on*
44 *local government finance created pursuant to NRS 266.0165.*

45 (b) "Construction, maintenance and repair" includes the acquisition,
46 operation or use of any material, equipment or facility that is used
47 exclusively for the construction, maintenance or repair of a county or city
48 road and is necessary for the safe and efficient use of that road, including,
49 without limitation:



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

19 ~~[(c) "Subcommittee" means the subcommittee appointed pursuant to~~
20 ~~NRS 218.53884.]~~

21 **Sec. 3.** NRS 218.5388 is hereby amended to read as follows:

22 218.5388 As used in NRS 218.5388 to 218.53886, inclusive,
23 "committee" means a legislative committee ~~[to study the distribution~~
24 ~~among local governments of revenue from state and local taxes.]~~ **for local**
25 **government taxes and finance.**

26 **Sec. 4.** NRS 218.53881 is hereby amended to read as follows:

27 218.53881 1. There is hereby established a legislative committee ~~[to~~
28 ~~study the distribution among local governments of revenue from state and~~
29 ~~local taxes.]~~ **for local government taxes and finance** consisting of:

30 (a) Two members appointed by the majority leader of the senate from
31 the membership of the senate standing committee on government affairs
32 during the immediately preceding session of the legislature;

33 (b) Two members appointed by the majority leader of the senate from
34 the membership of the senate standing committee on taxation during the
35 immediately preceding session of the legislature;

36 (c) Two members appointed by the speaker of the assembly from the
37 membership of the assembly standing committee on government affairs
38 during the immediately preceding session of the legislature; and

39 (d) Two members appointed by the speaker of the assembly from the
40 membership of the assembly standing committee on taxation during the
41 immediately preceding session of the legislature.

42 2. The committee shall consult with an advisory committee consisting
43 of the executive director of the department of taxation and 10 members
44 who are representative of various geographical areas of the state and are
45 appointed for terms of 2 years commencing on July 1 of each odd-
46 numbered year as follows:

47 (a) One member of the committee on local government finance created
48 pursuant to NRS 266.0165 appointed by the Nevada League of Cities;



1 (b) One member of the committee on local government finance created
2 pursuant to NRS 266.0165 appointed by the Nevada Association of
3 Counties;
4 (c) One member of the committee on local government finance created
5 pursuant to NRS 266.0165 appointed by the Nevada School Trustees
6 Association;
7 (d) Three members involved in the government of a county appointed
8 by the Nevada Association of Counties;
9 (e) Three members involved in the government of an incorporated city
10 appointed by the Nevada League of Cities; and
11 (f) One member who is a member of a board of trustees for a general
12 improvement district appointed by the legislative commission.
13 The members of the advisory committee are nonvoting members of the
14 committee. When meeting as the advisory committee, the members shall
15 comply with the provisions of chapter 241 of NRS.
16 3. The legislative members of the committee shall elect a chairman
17 from one house of the legislature and a vice chairman from the other house.
18 Each chairman and vice chairman holds office for a term of 2 years
19 commencing on July 1 of each odd-numbered year.
20 4. Any member of the committee who is not a candidate for reelection
21 or who is defeated for reelection continues to serve until the next session of
22 the legislature convenes.
23 5. Vacancies on the committee must be filled in the same manner as
24 original appointments.
25 6. The committee shall report annually to the legislative commission
26 concerning its activities and any recommendations.
27 **Sec. 5.** Section 9 of chapter 661, Statutes of Nevada 1997, at page
28 3309, is hereby amended to read as follows:
29 Sec. 9. This act becomes effective on July 1, 1997, and expires
30 by limitation on July 1, ~~2001~~ **2005**.
31 **Sec. 6.** 1. This section and sections 1, 3, 4 and 5 of this act become
32 effective on July 1, 2001.
33 2. Sections 1, 3, 4 and 5 of this act expire by limitation on
34 July 1, 2005.
35 3. Section 2 of this act becomes effective at 12:01 a.m. on
36 July 1, 2005.

