

CHAPTER.....

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:

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

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

- (a) ~~One-fourth in proportion to total area.~~
 - ~~—(b) One-fourth in proportion to population.~~
 - ~~—(c) One-fourth in proportion to road mileage and street mileage of nonfederal-aid primary roads.~~
 - ~~—(d) One-fourth in proportion to vehicle miles of travel on nonfederal-aid primary roads.~~
- Determine the average monthly amount each county received in the fiscal year ending on June 30, 2001, and allocate to each county that amount, or if the total amount to be allocated is less than that amount, allocate to each county a percentage of the total amount to be allocated that is equal to the percentage of the total amount allocated to that county in the fiscal year ending on June 30, 2000;*
- (b) Determine for each county an amount from the total amount to be allocated using the following formula:*
 - (1) Two-thirds in proportion to population; and*
 - (2) One-third in proportion to road mileage and street mileage of improved roads or streets maintained by the county or an incorporated city located within the county,*
- and compare that amount to the amount allocated to the county pursuant to paragraph (a);*
- (c) Identify each county for which the amount determined pursuant to paragraph (b) is greater than the amount allocated to the county pursuant to paragraph (a); and*
 - (d) Allocate to any county which is identified pursuant to paragraph (c), using the formula set forth in paragraph (b), any amount from the tax levied pursuant to NRS 365.180 that remains after the allocation required pursuant to paragraph (a).*

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

- (a) Project the total amount that each county will be allocated pursuant to subsection 1 for the current fiscal year.*
- (b) If the total amount allocated to all the counties will not exceed the total amount that was received by all the counties for the fiscal year*

ending on June 30, 2001, adjust the final monthly allocation to be made to each county so that each county is allocated a percentage of the total amount to be allocated that is equal to the percentage of the total amount allocated to that county in the fiscal year ending on June 30, 2001.

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

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

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

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

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

~~— (2) If there is at least one incorporated city in the county,~~ *, if there are no incorporated cities in the county, or* to the county and any incorporated cities in the county *, if there is at least one incorporated city in the county,* pursuant to the *following* formula ~~set forth for counties in subsection 1:~~

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

(2) One-fourth in proportion to population.

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

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

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

~~3-~~ 4. The amount allocated to the counties and incorporated cities pursuant to subsections 1, ~~and~~ 2 *and 3* must be remitted monthly. The state controller shall draw his warrants payable to the county treasurer of each of the several counties and the city treasurer of each of the several incorporated cities, as applicable, and the state treasurer shall pay the warrants out of the proceeds of the tax levied pursuant to NRS 365.180.

~~4-~~ 5. The formula computations must be made as of July 1 of each year by the department, based on estimates which must be furnished by the

department of transportation ~~[-The]~~ *and, if applicable, any adjustments to the estimates determined to be appropriate by the committee pursuant to subsection 9. Except as otherwise provided in subsection 9, the determination made by the department is conclusive.*

~~[-5-]~~ 6. *The department of transportation shall complete:*

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

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

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

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

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

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

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

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

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

11. As used in this section ~~[-“construction.”]~~ :

(a) *“Committee” means the legislative committee for local government taxes and finance established pursuant to NRS 218.53881.*

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

~~[-(a)-]~~ (1) Grades and regrades;

~~[-(b)-]~~ (2) Graveling, oiling, surfacing, macadamizing and paving;

~~(e)~~ (3) Sweeping, cleaning and sanding roads and removing snow from a road;

~~(d)~~ (4) Crosswalks and sidewalks;

~~(e)~~ (5) Culverts, catch basins, drains, sewers and manholes;

~~(f)~~ (6) Inlets and outlets;

~~(e)~~ (7) Retaining walls, bridges, overpasses, underpasses, tunnels and approaches;

~~(h)~~ (8) Artificial lights and lighting equipment, parkways, control of vegetation and sprinkling facilities;

~~(i)~~ (9) Rights of way;

~~(j)~~ (10) Grade and traffic separators;

~~(k)~~ (11) Fences, cattle guards and other devices to control access to a county or city road;

~~(l)~~ (12) Signs and devices for the control of traffic; and

~~(m)~~ (13) Facilities for personnel and the storage of equipment used to construct, maintain or repair a county or city road.

(c) *“Improved road or street” means a road or street that is, at least:*

(1) *Aligned and graded to allow reasonably convenient use by a motor vehicle; and*

(2) *Drained sufficiently by a longitudinal and transverse drainage system to prevent serious impairment of the road or street by surface water.*

(d) *“Subcommittee” means the subcommittee appointed pursuant to NRS 218.53884.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) One-fourth in proportion to population.

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

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

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

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

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

6. The department of transportation shall complete:

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

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

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

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

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

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

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

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

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

11. As used in this section:

(a) “Committee” means the ~~{legislative committee for local government taxes and finance established pursuant to NRS 218.53881.}~~ *committee on local government finance created pursuant to NRS 266.0165.*

(b) “Construction, maintenance and repair” includes the acquisition, operation or use of any material, equipment or facility that is used

exclusively for the construction, maintenance or repair of a county or city road and is necessary for the safe and efficient use of that road, including, without limitation:

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

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

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

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

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

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

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

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

- (a) Two members appointed by the majority leader of the senate from the membership of the senate standing committee on government affairs during the immediately preceding session of the legislature;
- (b) Two members appointed by the majority leader of the senate from the membership of the senate standing committee on taxation during the immediately preceding session of the legislature;
- (c) Two members appointed by the speaker of the assembly from the membership of the assembly standing committee on government affairs during the immediately preceding session of the legislature; and
- (d) Two members appointed by the speaker of the assembly from the membership of the assembly standing committee on taxation during the immediately preceding session of the legislature.

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

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

(b) One member of the committee on local government finance created pursuant to NRS 266.0165 appointed by the Nevada Association of Counties;

(c) One member of the committee on local government finance created pursuant to NRS 266.0165 appointed by the Nevada School Trustees Association;

(d) Three members involved in the government of a county appointed by the Nevada Association of Counties;

(e) Three members involved in the government of an incorporated city appointed by the Nevada League of Cities; and

(f) One member who is a member of a board of trustees for a general improvement district appointed by the legislative commission.

The members of the advisory committee are nonvoting members of the committee. When meeting as the advisory committee, the members shall comply with the provisions of chapter 241 of NRS.

3. The legislative members of the committee shall elect a chairman from one house of the legislature and a vice chairman from the other house. Each chairman and vice chairman holds office for a term of 2 years commencing on July 1 of each odd-numbered year.

4. Any member of the committee who is not a candidate for reelection or who is defeated for reelection continues to serve until the next session of the legislature convenes.

5. Vacancies on the committee must be filled in the same manner as original appointments.

6. The committee shall report annually to the legislative commission concerning its activities and any recommendations.

Sec. 5. Section 9 of chapter 661, Statutes of Nevada 1997, at page 3309, is hereby amended to read as follows:

Sec. 9. This act becomes effective on July 1, 1997, and expires by limitation on July 1, ~~2001~~ **2005**.

Sec. 6. 1. This section and sections 3, 4 and 5 of this act become effective on July 1, 2001.

2. Section 1 of this act becomes effective at 12:01 a.m. on July 1, 2001.

3. Sections 1, 3, 4 and 5 of this act expire by limitation on July 1, 2005.

4. Section 2 of this act becomes effective at 12:01 a.m. on July 1, 2005.